IDEAS ON LIBERTY

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NUMBER 2

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TALKING TO OURSELVES
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THE ISSUE OF OUR TIME

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Talking To Ourselves

Henry Grady Weaver

Between the great things we *cannot* do and the small things we *will not* do, the danger is that we shall do *nothing*

"BUT WHAT'S the use of talking to ourselves? What's the point of sending literature on free enterprise to people who are already sold on free enterprise? Is it not true that the real problem is one of reaching the masses — those who *really need* some sound ideas?"

So runs the argument whenever some useful enlightened statement is distributed among persons who favor individual freedom within a voluntary society and a free market economy. But when you stop and think about it, isn't the idea of educating the so-called masses a case of putting the cart before the horse?

We are too much inclined to attempt the impossible. Little if any thought is given to the one thing that we can effectively accomplish, namely, how to improve ourselves and our own thinking as *individuals*. The idea that we are not allwise seldom seems to occur to us.

It is true, of course, that many of us are wise in our own narrow and highly specialized fields. But it does not necessarily follow that we are wise in the broad aspects of the economic system in which we practice our professions and operate our enterprises.

When you come right down to it, the very idea of "educating the masses" is inconsistent with the ideals of individual freedom to which we give lip service. Just who are "the masses"? Can the term be more appropriately applied to others than to ourselves?

We are all individuals differing in qualities and abilities, but we all share a basic human nature capable of self-development. If this is not true, then the ideal of personal freedom is a fanciful myth.

But the ideal of freedom is not a fanciful myth. It is thoroughly attainable in a practical way. And it will be more readily attainable if we quit regarding those we wish to convert as either masses or classes, and recognize the individual person as the fountainhead of good, of energy, of all that is creative.

Mr. Weaver (1889-1949) is the author of THE MAINSPRING OF HUMAN PROGRESS.

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FREE COMPETITIVE enterprise is something we have loudly acclaimed. We have praised it, however, not so much because we have understood it, or even because we have wanted to practice it, but more because it has seemed to be the opposite of dreaded socialism. But many of us who are not socialists unwittingly play into the hands of the socialists.

Only now and then, among all of us in America, do we find a skilled advocate of free competitive enterprise. Most of us are left speechless in a debate with a socialist, a radical labor leader or any other ardent collectivist. *We sputter, but we do not explain.* We lose our arguments, and in the process we provide the opposition with a sounding board.

We cannot speak our subject well. Nor do we practice it any too well. And to be honest about it, we ourselves have inspired about as many anti-enterprise institutions as have our political opponents.

Not only is confession justified and good for our souls, but the meekness that it inspires will make us more willing to learn. For we can learn free competitive enterprise just as we have learned our individual trades and professions. We can master the principles of freedom better than our opponents have learned the jargon of their systems, for the very simple reason that *the principles of freedom are superior to anything that the collectivists are able to offer.*

ONE UNDERSTANDING man summed it up this way: "I'm not smart enough to run the personal affairs of the great masses of people. I've got enough to do just trying to improve myself as an individual citizen.

"If I work hard enough and long enough at that one job, then the time may come when two or three, or four or five, or maybe *even eight or ten persons* may voluntarily *seek* my counsel. Then and *only* then can it be truly said that I have earned a worth-while influence."

Reprints of this article are available at one cent each.

I do not find any evidence that Jesus laid down any basic doctrine beyond that of a universal loving God and a universal brotherhood of man. . . . His teaching appears to have been purely individualistic. In a word, it came to this: that if every one would reform one (that is to say, oneself) and keep one steadfastly following the way of life which He recommended, the Kingdom of Heaven would be coextensive with human society.

ALBERT JAY NOCK, "Memoirs of a Superflous Man," 1943

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The Humanitarian With The Guillotine

Isabel Paterson

MOST of the harm in the world is done by good people, and not by accident, lapse, or omission. It is the result of their deliberate actions, long persevered in, which they hold to be motivated by high ideals toward virtuous ends. This is demonstrably true; nor could it occur otherwise. The percentage of positively malignant, vicious, or depraved persons is necessarily small, for no species could survive if its members were habitually and consciously bent upon injuring one another. Destruction is so easy that even a minority of persistently evil intent could shortly exterminate the unsuspecting majority of well-disposed persons. Murder, theft, rapine, and destruction are easily within the power of every individual at any time. If it is presumed that they are restrained only by fear or force, what is it they fear, or who would turn the force against them if all men were of like mind? Certainly if the harm done by willful criminals were to be computed, the number of murders, the extent of damage and loss, would be found negligible in the sum total of death and devastation wrought upon human beings by their kind. Therefore it is obvious that in periods when millions are slaughtered, when torture is practiced, starvation enforced, oppression made a policy, as at present over a large part of the world, and as it has often been in the past, it must be at the behest of very many good people, and even by their direct action, for what they consider a worthy object. When they are not the immediate executants, they are on record as giving approval, elaborating justifications, or else cloaking facts with silence, and discountenancing discussion.

Obviously this could not occur without cause or reason. And it must be understood, in the above passage, that by good people we mean good people, persons who would not of their own conscious intent act to hurt their fellow men, nor procure such acts, either wantonly or for a personal benefit to themselves. Good people wish well to their fellow men, and wish to guide their own actions accord-

Reprinted from *The God of the Machine* by Isabel Paterson, published in 1946 (now out of print).

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ingly. Further, we do not here imply any "transvaluation of values," confusing good and evil, or suggesting that good produces evil, or that there is no difference between good and evil, or between good and ill-disposed persons; nor is it suggested that the virtues of good people are not really virtues.

Then there must be a very grave error in the means by which they seek to attain their ends. There must even be an error in their primary axioms, to permit them to continue using such means. Something is terribly wrong in the procedure, somewhere. What is it?

Certainly the slaughter committed from time to time by barbarians invading settled regions, or the capricious cruelties of avowed tyrants, would not add up to one-tenth the horrors perpetrated by rulers with good intentions.

As THE STORY has come down to us, the ancient Egyptians were enslaved by Pharaoh through a benevolent scheme of "ever normal granaries." Provision was made against famine; and then the people were forced to barter property and liberty for such reserves which had previously been taken from their own production. The inhuman hardness of the ancient Spartans was practiced for a civic ideal of virtue.

The early Christians were persecuted for reasons of state, the collective welfare; and they resisted for the right of personality, each because he had a soul of his own. Those killed by Nero for sport were few compared to those put to death by later emperors for strictly "moral" reasons. Gilles de Retz, who murdered children to gratify a beastly perversion, killed no more than fifty or sixty in all. Cromwell ordered the massacre of thirty thousand people at once, including infants in arms, in the name of righteousness. Even the brutalities of Peter the Great had the pretext of a design to benefit his subjects.

THE PRESENT WAR, begun with a perjured treaty made by two powerful nations (Russia and Germany), that they might crush their smaller neighbors with impunity, the treaty being broken by a surprise attack on the fellow conspirator, would have been impossible without the internal political power which in both cases was seized on the excuse of doing good to the nation. *The lies, the violence, the wholesale killings, were practiced first on the people of both nations by their own respective governments.* It may be said, and it may be true, that in both cases the wielders of power are vicious hypocrites; that their conscious objective was evil from the beginning;

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none the less, they could not have come by the power at all except *with the consent and assistance* of good people. The Communist regime in Russia gained control by promising the peasants land, in terms the promisers knew to be a lie as understood. Having gained power, the Communists took from the peasants the land they already owned; and exterminated those who resisted. This was done by plan and intention; and the lie was praised as "social engineering," by socialist admirers in America. If that is engineering, then the sale of fake mining stock is engineering. The whole population of Russia was put under duress and terror; thousands were murdered without trial; millions were worked to death and starved to death in captivity. Likewise the whole population of Germany was put under duress and terror, by the same means. With the war, Russians in German prison camps, Germans in Russian prison camps, are enduring no worse and no other fate than that their compatriots in as great numbers have endured and are enduring from their own governments in their own countries. If there is any slight difference, they suffer rather less from the vengeance of avowed enemies than from the proclaimed benevolence of their compatriots. The conquered nations of Europe, under the Russian or German heel, are merely experiencing what Russians and Germans have been through for years, under their own national regimes.

Further, the principal political figures now wielding power in Europe, including those who have sold their countries to the invader, are socialists, ex-socialists, or communists; men whose creed was the collective good.

WITH ALL this demonstrated to the hilt, we have the peculiar spectacle of the man who condemned millions of his own people to starvation, admired by philanthropists whose declared aim is to see to it that everyone in the world has a quart of milk. A graduate professional charity worker has flown half around the world to seek an interview with this master of his trade, and to write rhapsodies on being granted such a privilege. To keep themselves in office, for the professed purpose of doing good, similar idealists welcome the political support of grafters, convicted pimps, and professional thugs. This affinity of these types invariably reveals itself, when the occasion arises. But what is the occasion?

Why did the humanitarian philosophy of eighteenth century Europe usher in the Reign of Terror? It did not happen by chance;

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it followed from the original premise, objective and means proposed. The objective is to do good to others as a *primary* justification of existence; the means is the power of the collective; and the premise is that "good" is collective.

THE ROOT of the matter is ethical, philosophical, and religious, involving the relation of man to the universe, of man's creative faculty to his Creator. The fatal divergence occurs in failing to recognize the norm of human life. Obviously there is a great deal of pain and distress incidental to existence. Poverty, illness, and accident are possibilities which may be reduced to a minimum, but cannot be altogether eliminated from the hazards mankind must encounter. But these are not desirable conditions, to be brought about or perpetuated. Naturally children have parents, while most adults are in fair health most of their lives, and are engaged in useful activity which brings them a livelihood. That is the norm and the natural order. Ills are marginal. They can be alleviated from the marginal surplus of production; otherwise nothing at all could be done. Therefore it cannot be supposed that the producer exists only for the sake of the nonproducer, the well for the sake of the ill, the competent for the sake of the incompetent; nor any person merely for the sake of another. (The logical procedure, if it is held that any person exists only for the sake of another, was carried out in semi-barbarous societies, when the widow or followers of a dead man were buried alive in his grave.)

The great religions, which are also great intellectual systems, have always recognized the conditions of the natural order. They enjoin charity, benevolence, as a moral obligation, to be met out of the producer's surplus. That is, they make it *secondary to production,* for the inescapable reason that without production there could be nothing to give. Consequently they prescribe the most severe rule, to be embraced only voluntarily, for those who wish to devote their lives wholly to works of charity, from contributions. Always this is regarded as a special vocation, because it could not be a general way of life. Since the almoner must obtain the funds or goods he distributes from the producers, he has no authority to command; he must ask. When he subtracts his own livelihood from such alms, he must take no more than bare subsistence. In proof of his vocation, he must even forego the happiness of family life, if he were to receive the formal religious sanction. Never was he to derive comfort for himself from the misery of others.

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The religious orders maintained hospitals, reared orphans, distributed food. Part of such alms was given unconditionally, that there might be no compulsion under the cloak of charity. It is not decent to make a man strip his soul in return for bread. This is the real difference when charity is enjoined in the name of God, and not on humanitarian or philanthropic principles. If the sick were cured, the hungry fed, orphans cared for until they grew up, it was certainly good, and the good cannot be computed in merely physical terms; but such actions were intended to tide the beneficiaries over a period of distress and restore them to the norm if possible. If the distressed could partly help themselves, so much the better. If they could not, that fact was recognized. But most of the religious orders made a concurrent effort to be productive, that they might give of their own surplus, as well as distributing donations. When they performed productive work, such as building, teaching for a reasonable fee, farming, or incidental industries and arts, the results were lasting, not only in the particular products, but in enlargement of knowledge and advanced methods, so that in the long run they raised the norm of welfare. And it should be noted that these enduring results derived from *self-improvement.*

WHAT CAN one human being actually do for another? He can give from his own funds and his own time whatever he can spare. But he cannot bestow faculties which nature has denied; nor give away his own subsistence without becoming dependent himself. If he earns what he gives away, he must earn it *first.* Surely he has a right to domestic life if he can support a wife and children. He must therefore reserve enough for himself and his family to continue production. No one person, though his income be ten million dollars a year, can take care of every case of need in the world. But supposing he has no means of his own, and still imagines that he can make "helping others" at once his *primary* purpose and the normal way of life, which is the central doctrine of the humanitarian creed, how is he to go about it? Lists have been published of the Neediest Cases, *certified* by secular charitable foundations which pay their own officers handsomely. The needy have been investigated, but not relieved. Out of donations received, the officials pay themselves first. This is embarrassing even to the rhinoceros hide of the professional philanthropist. But how is the confession to be evaded? If the philanthropist could *command* the means of the producer, instead of asking for a portion, he could claim credit for

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production, being in a position to give orders to the producer. Then he can blame the producer for not carrying out orders to produce more.

IF THE primary objective of the philanthropist, his justification for living, is to help others, his ultimate good *requires that others shall be in want.* His happiness is the obverse of their misery. If he wishes to help "humanity," the whole of humanity must be in need. The humanitarian wishes to be a prime mover in the lives of others. He cannot admit either the divine or the natural order, by which men have the power to help themselves. The humanitarian puts himself in the place of God.

But he is confronted by two awkward facts; first, that the competent do not need his assistance; and second, that the majority of people, if unperverted, positively do not want to be "done good" by the humanitarian. When it is said that everyone should live primarily for others, what is the specific course to be pursued? Is each person to do exactly what any other person wants him to do, without limits or reservations? and only what others want him to do? What if various persons make conflicting demands? The scheme is impracticable. Perhaps then he is to do only what is actually "good" for others. But will those others know what is good for them? No, that is ruled out by the same difficulty. Then shall A do what he thinks is good for B, and B do what he thinks is good for A? Or shall A accept only what he thinks is good for B, and vice versa? But that is absurd. Of course what the humanitarian actually proposes is that *he* shall do what he thinks is good for everybody. It is at this point that the humanitarian sets up the guillotine.

WHAT KIND of world does the humanitarian contemplate as affording him full scope? It could only be a world filled with breadlines and hospitals, in which nobody retained the natural power of a human being to help himself or to resist having things done to him. And that is precisely the world that the humanitarian arranges when he gets his way. When a humanitarian wishes to see to it that everyone has a quart of milk, it is evident that he hasn't got the milk, and cannot produce it himself, or why should he be merely wishing? Further, if he did have a sufficient quantity of milk to bestow a quart on everyone, as long as his proposed beneficiaries can and do produce milk for themselves, they would say no, thank you. Then how is the humanitarian to contrive that he shall have all the milk to

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distribute, and that everyone else shall be in want of milk?

There is only one way, and that is by the use of the political power in its fullest extension. Hence the humanitarian feels the utmost gratification when he visits or hears of a country in which everyone is restricted to ration cards. Where subsistence is doled out, the desideratum has been achieved, of general want and a superior power to "relieve" it. The humanitarian in theory is the terrorist in action.

The good people give him the power he demands because they have accepted his false premise. The advance of science lent it a specious plausibility, with the increase in production. Since there is enough for everybody, why cannot the "needy" be provided for first, and the question thus disposed of permanently?

If at this point it is asked, how are you to define the "needy," and from what source and by what power is provision to be made for them, kind-hearted persons may exclaim indignantly: "This is quibbling; narrow the definition to the very limit, but at the irreducible minimum you cannot deny that a man who is hungry, ill-clad, and without shelter is needy. The source of relief can only be the means of those who are not in such need. The power already exists; if there can be a right to tax people for armies, navies, local police, road-making, or any other imaginable purpose, surely there must be a prior right to tax people for the preservation of life itself."

Very well; take a specific case. In the hard times of the Nineties, a young journalist in Chicago was troubled by the appalling hardships of the unemployed. He tried to believe that any man honestly willing to work could find employment; but to make sure, he investigated a few cases. Here was one, a youth from a farm, where the family maybe got enough to eat but was short of everything else; the farm boy had come to Chicago looking for a job, and would certainly have taken any kind of work, but there was none. Let it be supposed he might have begged his way home; there were others who were half a continent and an ocean from their homes. They couldn't get back, by any possible effort of their own; and there is no quibbling about that. They couldn't. They slept in alleyways, waited for meager rations at soup-kitchens; and suffered bitterly. There is another thing; among these unemployed were some persons, it is impossible to say how many, who were exceptionally enterprising, gifted, or competent; and that is what got them into their immediate plight. They had cut loose from depend-

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ence at a peculiarly hazardous time; they had taken a long chance. Extremes met among the unemployed; the extremes of courageous enterprise, of sheer ill-luck and of downright improvidence and incompetence. A blacksmith working near Brooklyn Bridge who gave a penniless wanderer ten cents to pay the bridge toll couldn't know he was making that advance to immortality in the person of a future Poet Laureate of England. But John Masefield was the wanderer. So it is not implied that the needy are necessarily "undeserving." There were also people in the country, in drought or insect-plagued areas, who were in dire want, and must have literally starved if relief had not been sent them. They didn't get much either, and that in haphazard, ragbag sort. But everyone struggled through to an amazing recovery of the whole country.

INCIDENTALLY, there would have been much more severe distress instead of simple poverty at the subsistence line, but for neighborly giving which was not called charity. People always give away a good deal, if they have it; it is a human impulse, which the humanitarian plays on for his own purpose. What is wrong with institutionalizing that natural impulse in a political agency?

Very well again; had the farm boy done anything wrong in leaving the farm, where he did have enough to eat, and going to Chicago on the chance of getting a job?

If the answer is yes, then there must be a rightful power which shall prevent him leaving the farm *without permission.* The feudal power did that. It couldn't prevent people from starving; it merely *compelled them to starve right* where they were born.

But if the answer is no, the farm boy didn't do wrong, he had a right to take that chance, then exactly what is to be done to make certain he will not be in hard luck when he gets to his chosen destination? Must a job be provided for any person at any place he chooses to go? That is absurd. It can't be done. Is he entitled to relief anyhow, when he gets there, as long as he chooses to stay; or at least to a return ticket home? That is equally absurd. The demand would be unlimited; no abundance of production could meet it.

Then what of the people who were impoverished by drought; could they not be given political relief? But there must be conditions. Are they to receive it just as long as they are in need, while they stay where they are? (They cannot be financed for indefinite travel.) That is just what has been done in

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recent years; and it kept relief recipients for seven years together in squalid surroundings, wasting time, work, and seed-grain in the desert.

THE TRUTH is that if any proposed method of caring for the marginal want and distress incident to human life by establishing a permanent fixed charge upon production would be adopted most gladly by those who now oppose it, *if it were practicable.* They oppose it because it is impracticable in the nature of things. They are the people who have already devised all the partial expedients possible, in the way of private insurance; and they know exactly what the catch is, because they come up against it when they try to make secure provision for their own dependents.

The insuperable obstacle is that it is absolutely impossible to get anything out of production ahead of maintenance.

If it were a fact that the producers generally, the industrial managers and others, had hearts of chilled steel, and cared nothing whatever about human suffering, still it would be most convenient for them if the question of relief for all kinds of distress, whether unemployment, illness or old age, could be settled once for all, so they need hear no more of it. They are always under attack on this point; and it doubles their trouble whenever industry hits a depression. The politicians can get votes out of distress; the humanitarians land lucrative white collar jobs for themselves distributing relief funds; only the producers, both capitalists and workingmen, have to take the abuse and pay the shot.

THE DIFFICULTY is best shown in a concrete instance. Suppose a man owning a profitable business in sound condition with a long record of good management wishes to arrange that his family shall have their support from it indefinitely. He might as owner be in a position to give first lien bonds yielding a certain amount; say it was only $5,000 a year on a business which was paying $100,000 a year net profit. That is the very best he could do; and if ever the business failed to produce $5,000 net profit, his family wouldn't get the money, and that's all there is to it. They might put the concern through bankruptcy and take the assets, and the assets after bankruptcy might be worth nothing at all. *You can't get anything out of production ahead of maintenance.*

Aside from that, of course his family might hypothecate the bonds, hand them over to the "management" of some "benevolent" friend — a thing which has been known to happen — and then they

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wouldn't get the money anyhow. That is about what occurs with organized charities having endowments. They support a lot of kind friends in cushy jobs.

But what if the business man, through the warmth of his generous affection, fixed it irrevocably so that his wife and family had an open checking account on the company's funds, to draw just what they pleased. He might feel innocently sure they would not take more than a small percentage, for their reasonable needs. But the day might come when the cashier must tell the happy wife there was no money to honor her check; and with such an arrangement it is certain that the day would come rather soon. In either case, just when the family needed money most, the business would yield least.

But the procedure would be completely insane if the business man gave to a third party an irrevocable power to draw as much as he pleased from the company's funds, with only an unenforceable understanding that the third party would support the owner's family. And that is what the proposal to care for the needy by the political means comes to. It gives the power to the politicians to tax without limit; and there is absolutely no way to ensure that the money shall go where it was intended to go. In any case, the business will not stand any such *unlimited* drain.

Why do kind-hearted persons call in the political power? They cannot deny that the means for relief must come from production. But they say there is enough and to spare. Then they must assume that the producers are not willing to give what is "right." Further they assume that there is a collective right to impose taxes, for any purpose the collective shall determine. They localize that right in "the government," as if it were self-existent, forgetting the American axiom that government itself is not self-existent, but is instituted by men for limited purposes. The taxpayer himself hopes for protection from the army or navy or police; he uses the roads; hence his right to insist on limiting taxation is self-evident. The government has no "rights" in the matter, but only a delegated authority.

But if taxes are to be imposed for relief, who is the judge of what is possible or beneficial? It must be either the producers, the needy, or some third group. To say it shall be all three together is no answer; the verdict must swing upon majority or plurality drawn from one or other group. Are the needy to vote themselves whatever they want? Are the humanitarians, the third group, to vote themselves control of both the producers and

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the needy? (That is what they have done.) The government is thus supposed to be empowered to give "security" to the needy. *It cannot.* What it does is to seize the provision made by private persons for their own security, thus depriving everyone of every hope or chance of security. It can do nothing else, if it acts at all. Those who do not understand the nature of the action are like savages who might cut down a tree to get the fruit; they do not think over time and space, as civilized men must think.

WE HAVE seen the worst that can happen when there is only private relief and improvised municipal doles of a temporary character. Unorganized private giving is random and sporadic; it has never been able to prevent suffering completely. But neither does it perpetuate the dependence of its beneficiaries. It is the method of capitalism and liberty. It involves extraordinary downswings and upswings, but the upswings were always higher each time, and of longer duration than the downswings. And in the most distressful periods, there was no real famine, no black despair, but a queer kind of angry, active optimism and an unfaltering belief in better times ahead, which the outcome justified. Unofficial, sporadic private donations did actually serve the purpose. *It worked,* however imperfectly.

On the other hand, what can the political power do? One of the alleged "abuses" of capitalism was the sweatshop. Immigrants came to America, penniless and ignorant of the language and with no skilled trade; they were hired for very low wages, worked long hours in slum surroundings, and were said to be exploited. Yet mysteriously in time they improved their condition; the great majority attained comfort, and some gained wealth. Could the political power have provided lucrative jobs for *everyone who wished to come?* Of course it could not and cannot. Nevertheless, the good people called in the political power to alleviate the hard lot of these newcomers. What did it do? Its first requirement was that each immigrant should bring with him a certain sum of money. That is to say, it cut off the *most needy* abroad from their sole hope. Later, when the political power in Europe had reduced life to a gloomy hell, but a large number of persons might still have scraped together the requisite sum for admittance to America, the political power here simply cut down admission to a quota. The more desperate the need, the less chance could the political power allow them. Would not many millions in Europe be

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glad and grateful if they could have even the poorest chance the old system afforded, instead of convict camps, torture cellars, vile humiliations, and violent death?

The sweatshop employer hadn't much capital. He risked the little he had in hiring people. He was accused of doing them a horrible wrong, and his business cited as revealing the intrinsic brutality of capitalism.

The political official is tolerably well-paid, in a permanent job. Risking nothing himself, he gets his pay for thrusting desperate people back from the borders, as drowning men might be beaten back from the sides of a well-provisioned ship. What else can he do? Nothing. Capitalism did what it could; the political power does what it can. Incidentally, the ship was built and stored by capitalism.

As between the private philanthropist and the private capitalist acting as such, take the case of the truly needy man, who is not incapacitated, and suppose that the philanthropist gives him food and clothes and shelter — when he has used them up, he is just where he was before, except that he may have acquired the habit of dependence. But suppose someone with no benevolent motive whatever, simply wanting work done for his own reasons, should hire the needy man for a wage. The employer has not done a good deed. Yet the condition of the employed man has actually been changed. What is the vital difference between the two actions?

It is that the unphilanthropic employer has brought the man he employed *back into the production line, on the great circuit of energy*; whereas the philanthropist can only divert energy in such manner that there can be no return into production, and therefore less likelihood of the object of his benefaction finding employment.

This is the profound, rational reason why human beings shrink from relief, and hate the very word. It is also the reason why those who perform works of charity under a true vocation do their best to keep it marginal, and gladly yield the opportunity to "do good" in favor of any chance for the beneficiary to work on any half-tolerable terms. Those who cannot avoid going on relief feel and exhibit the results in their physical being; they are cut off from the living springs of self-renewing energy, and their vitality sinks.

The result, if they are kept on relief long enough by the determined philanthropists and politicians in concert, has been described by a relief agent. At first, the "clients" applied reluctantly. "In a few months all that changes. We find

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that the fellow who wanted just enough to tide him over has settled back to living on relief as a matter of course." The relief agent who said that was himself "living on relief as a matter of course"; but he was a long step lower than his client, in that he did not even recognize his own condition. Why was he able to evade the truth? Because he could hide himself behind the philanthropic motive. "We help to prevent starvation, and we see to it that these people have some sort of shelter and bedding." If the agent were asked, do you grow the food, do you build the shelter, or do you give the money out of your own earnings to pay for them, he would not see that that made any difference. He has been taught that it is right to "live for others," for "social aims" and "social gains." As long as he can believe he is doing that, he will not ask himself what he is necessarily doing *to* those others, nor where the means must come from to support him.

IF THE FULL roll of *sincere* philanthropists were called, from the beginning of time, it would be found that all of them together by their strictly philanthropic activities have never conferred upon humanity one-tenth of the benefit derived from the normally self-interested efforts of Thomas Alva Edison, to say nothing of the greater minds who worked out the scientific principles which Edison applied. Innumerable speculative thinkers, inventors, and organizers, have contributed to the comfort, health, and happiness of their fellow men — because that was not their objective. When Robert Owen tried to run a factory for efficient production, the process incidentally improved some very unpromising characters among his employees, who had been on relief, and were therefore sadly degraded; Owen made money for himself; and while so engaged, it occurred to him that if better wages were paid, production could be increased, having made its own market. That was sensible and true. But then Owen became inspired with a humanitarian ambition, to do good to everybody. He collected a lot of humanitarians, in an experimental colony; they were all so intent upon doing good to others that nobody did a lick of work; the colony dissolved acrimoniously; Owen went broke and died mildly crazy. So the important principle he had glimpsed had to wait a century to be rediscovered.

The philanthropist, the politician, and the pimp are inevitably found in alliance because they have the same motives, they seek the same ends, to exist for, through, and by others. And the good people cannot be exonerated for support-

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ing them. Neither can it be believed that the good people are wholly unaware of what actually happens. But when the good people do know, as they certainly do, that three million persons (at the least estimate) were starved to death in one year by the methods they approve, why do they still fraternize with the murderers and support the measures? Because they have been told that the lingering death of the three millions might ultimately benefit a greater number. *The argument applies equally well to cannibalism.*

Reprints of this chapter from *The God of the Machine* — plus another chapter, "Our Japanized Educational System" — available in 32 page pamphlet, 25 cents each.

The Ideal University

Some day, possibly, we shall see State-owned education disappear as we have seen a State-owned Church disappear. The relations between the State and education are as immoral and monstrous as those between the State and religion; and some day they will be so seen. In the Middle Ages, some man of learning and ability, with a gift for teaching, like Peter Abelard or William of Champeaux or John of Scotland, emerged into repute; and people went to him from here and there, camped down on him and made him talk about such subjects as they wanted to hear discussed — and this was the university. The university was, as we say, "run" by the students. If they got what they wanted, they remained; if not, they moved on. Meanwhile, they lived as they pleased and as they could, quite on their own responsibility.

The nearer we revert to that notion, the nearer we will come to establishing in this country some "serious higher education." A university run by the students, with only the loosest and most informal organization, with little property, no examinations, no arbitrary gradations, no president, no trustees! A university that would not hold out the slightest inducement to any but those who really wanted to be put in the way of learning something, and who knew what they wanted to learn; a university that imposed no condition but absolute freedom — freedom of thought, of expression and of discussion!

ALBERT JAY NOCK. Extracted from his editorial, "The Vanishing University," in "The Freeman Book." New York: B. W. Huebsch, Inc., 1924. pp. 58-59.

The only really educated men are self-educated.

JESSIE LEE BENNETT

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The Birth Of A Capitalist

Dean Russell

WHEN THE new superintendent came to the orphange where I was reared, he found that we kids were not allowed to earn or have any spending money. So one of the first things he did was to tell us that if we were able to earn any money in our spare time, we could keep it or spend it as we pleased. We listened. But since none of us knew how to go about earning extra money, nothing happened. Then one 15-year-old boy had a brilliant idea.

We were all attending a movie. The program included a "short" on fishing. All of us saw a group of fishermen in the movie pay cash for live bait — minnows. But only one of us was able to apply this idea to our own situation.

"We have a creek full of minnows," Jack pointed out to the rest of us. "Why can't we earn money by selling live bait to the fishermen at Timber Lake?"

We just listened. Even when the possibility was explained to us, it still didn't register. So Jack worked out his plan alone. He knew that the variety of minnows called *chubs* was best for bait, because we had used them when fishing in our own small pond. So Jack went to Timber Lake to check the demand and price for chubs. The rest of us continued to wait and watch, skeptically.

JACK FOUND that the demand was good and the going rate was fifty cents a dozen. His sales talk to the fishermen was simple and effective. He just said: "We sell chubs for thirty-five cents a dozen out at the orphanage."

The next day there were eleven customers, not enough chubs to go around, and much confusion. Then the superintendent stepped in. He organized seventeen of us into a company with Jack as the president. Jack's job was to count and store the minnows we other kids caught, sell them to the customers, and keep the books on the project. We all agreed that Jack should keep a nickel from each thirty-five cent sale he made for us. The money was divided from time to time, each of us getting whatever percentage the books showed he had contributed.

All of us were happy. We now had spending money for candy,

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cokes, and vital things like that. But then we discovered that the president of our company, the boy who had thought up the idea, got more money than any of us! And frankly, we didn't like it.

WE COULD see the logic behind giving the most money to the fellow who caught the most minnows, but none of us could see why the president should get more than even the best fisherman. After all, what did he do? Did he catch any chubs? Did he have to wade in the water and get his shoes and overalls wet? As far as we could see, all he did was take for himself a part of our earnings. And we were on the verge of a small revolution when the superintendent entered the picture again.

He said: "Before Jack thought up this idea, none of you had any money." That was true.

"Has he taken anything from you that you had before?" No he hadn't, since we didn't have anything before.

"Would you have any spending money now, if he hadn't showed you how to earn it?" I wasn't sure about that. Since it was such a simple idea, I secretly felt that I would have thought it up the next day, if Jack hadn't beat me to it. Anyway, suppose he did think it up? That was two months ago!

"Do any of you care to quit your job with the company?" the superintendent asked. None of us did, because then we might be back where we started — with no money at all.

"If any one of you wants to quit, you can do so and go into business for yourself, find your own customers, sell your own minnows, and keep the entire thirty-five cents." But the superintendent got no takers on that suggestion. None of us wanted to take the risk of losing a reasonably sure thirty cents for the mere possibility of gaining an extra five cents. All we had in mind was a more equal split of the company's income.

The superintendent concluded: "It seems to me that none of you should begrudge the fact that Jack gets about three times as much money as most of you. Without him, you would probably have less than you now have, and possibly you wouldn't have any."

I CAN SEE now that the superintendent was trying to explain to us that, as far as we were concerned, Jack had created a new source of wealth. He was trying to tell us, in a nice way, that Jack's brain was more valuable than our brawn. He was pointing out that while Jack was making a considerable amount of money for himself, he was also making money for the rest of us. But I couldn't see that when I was

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sixteen years old. All I could see was that Jack had more money than I had; that I worked harder and longer than he did; and that he was taking an unfair share of *my* money. And, logic or no logic, we kids would have changed that situation if it had been put to the test of a majority vote.

NO ONE expected us teen-age kids to be deep-thinking economists. We operated mostly by emotion and feeling instead of reason and logic. While most of us outgrew that immaturity, some didn't. And they found many other grown men and women — voters all — who agreed with them that the government should use taxes and subsidies to make all incomes more equal.

I wish there were some way I could convince those people of this idea: Even from the materialistic viewpoint of their own selfish interests, they would be better served by not taking the capitalists' profits away from them.

Self-interest: Vice Or Virtue?

Selfishness, as far as I can discern, exists in one of us about as much as in another. The difference in persons is not so much a difference in selfishness as it is a difference in their interpretation of what really constitutes self-interest.

The pickpocket may have little to distinguish him from an honest worker when it comes to promoting his own interests. But the pickpocket is so lacking in intelligence that he foolishly thinks his self-interest is best served by methods which bring him small returns at great risk and eventual destruction.

The honest worker is intelligent enough to see that his self-interest is best served when he does not do to others what he would not have them do to him. No one can condemn this.

The thing to condemn, it seems to me, is ignorance, not self-interest. The end to seek is enlightenment of ourselves, not the promotion of altruism or selflessness in others. Imagine a world populated with selfless persons!

Self-interest is too often considered a vice. Actually it is a virtue. It is the great motivating and economizing force in human activity. It directs our energies toward promoting and conserving those interests which we can know best and serve best. It prevents waste of resources which would otherwise result from trying to deal with problems and interests beyond our scope. Given a limited government, confined to suppressing fraud, violence, and predatory practices, self-interest serves useful social and economic purposes.

LEONARD E. READ

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Liberty And Onions

Nellie K. Wadhams

Mrs. Wadhams holds a Masters Degree from Yale; but more important, she also holds some early American principles on government and self-reliance which too many of us seem to have forgotten

EVENTS beyond our calculations sent Erland to the New Hampshire legislature!

The ordinary citizen does not usually think of going to the legislature. By the term "ordinary citizen," I mean the man or woman who, like us, hasn't the means to indulge in the least luxury, but expects to close the year's ledger out of the red by a close squeak, God and the health of the family permitting. Whether we admit it or not, Americans are prone to judge the worth of a man by his income. Skill in getting and spending money is to us a sign of ability and respectability. The ordinary citizen, scraping pennies, is too often not considered wise enough to go to the state legislature to squander millions or to Congress to squander billions.

The ordinary citizen reasons that admission into this legislative Valhalla is not for him. He figures it is necessary for him to leave such matters to the professional and the subsidized. Take his car as an illustration. It is just a jitney, or if he is a farmer, a shabby station wagon or pickup. Does he figure he can uphold the dignity of the commonwealth parking this equipage at the curb at the State House?

Yet, why not? Certainly in a republic, legislators should be chosen for their familiarity with the hard facts of living, and for their understanding and judgment. It cannot be reasoned justly that such attributes belong exclusively to those on whom the economic pressure is least; to those who find the struggle for survival easiest. And certainly there are enough citizens of our kind to call, in all fairness, for representation.

IN 1944 the day before filing for candidates to "the General Court" closed, a town official sent word to my husband. No one had filed for representative. Would he care to run for the office? We debated the matter, Erl and I. It meant a radi-

Extracted from an unpublished manuscript.

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cal change in our plans. Erl and Sherman had intended to cut pulpwood all winter. But we were genuinely interested in the opportunity and were willing to sacrifice. Some very important issues were coming up — important to the town as well as the state. *Could* we do it? We began to add up the figures.

MEMBERS of the New Hampshire House of Representatives are limited to a monetary reimbursement of $200 for a four to seven month's session, plus mileage; for special sessions, $3.00 a day for 15 days, and traveling expenses.

Erl's transportation would add up to a three mile walk, six miles by taxi, twelve by bus, and thirty by train. The transportation money would be adequate; for while taxi travel would cost more than ten cents a mile, bus and train would cost less. Ten cents a mile for one round trip a week would cover it. One round trip a week meant a room in the capitol city. But not at three dollars *a day!* That would be out of the question. There was the Y.M.C.A. which charged three dollars and a half *a week*. We figured the probable length of the session. The $200 would last five months if food could be managed on six dollars and a half a week. Erl agreed that he might have to tighten his belt. Still, by being exceedingly penurious, we believed it could be done. That is, if nothing went wrong.

As for things at home, there was Sherman, seventeen, but better than any hired man. With a week-end checkup, he would be adequate to all emergencies we knew. Could we spare the income the pulpwood and the sugar bush would have brought us? We figured again. Yes, with luck, we could break even. But God help us if anybody got sick; that was a chance we would have to take.

After November 7 we conceded ourselves the election.

THE MATTER of suitable clothing for Erl's new venture devolved upon me. In war times, old clothing is not to be despised. This was a lucky break for us because my husband's best suit was the one he was married in nearly twenty-five years before. It wasn't as shabby as it sounds.

The day arrived when "our representative" waded out of the snow-blocked lane and walked to the village, a large suitcase in one hand, an overnight bag in the other. I sent him off to Concord much as some maternal ancestor might have sent her husband off to that other Concord to do battle in equally parlous times. I gave him one last bit of advice:

"Behold," I said, "I send you forth as a lamb among wolves. Be,

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therefore, as wise as a serpent and as harmless as a dove."

The world, the flesh, and the devil are very much in evidence in any body made up largely of professional politicians. Erland had expected that. What pleased him was to discover what is too often forgotten, that there is also an intelligent and conscientious group whose sole desire is to serve.

Erl wasn't the only member of the General Court who was looking for values in food. One day while waiting for a seat in a diner in the capitol city, Erl was approached by another legislator who queried:

"What on earth are you doing here?"

"Economy administration," answered Erl.

"Me too," laughed his colleague.

There came a day when Erl had occasion to speak on the subject of the encroachments of statism on liberty in our society. He said:

"It is just possible that there may be one or two here today who will remember that some twelve years ago I appeared before a certain committee in this State House. [Mr. Wadhams is here referring to a visit during the depth of the depression, when a band of citizens went to the State Capitol to protest the plans then being developed to "help" them.] I didn't come as a member of the legislature then. I came with no authority, no backing beyond the somewhat skeptical good wishes of a handful of neighbors. That committee probably felt that I came as a habitant with spruce needles in his hair, and they might have been right; they may have been right literally. I felt that I came as a hunted animal fighting for existence. I had just passed through a period of what might fairly be called hard luck, which had destroyed much of the background of my previous life. Rebuilding under difficulties, I came face to face with a new philosophy — not mine, but the state's. Society, backed by political power, had judged that, because my standard of living had fallen below a certain level, I had been cast up on the beach and was a fit subject for salvage. I had other ideas. So I found myself fighting the state for the privilege of keeping myself from being a burden on the taxpayers of the state. Being neither totally ignorant of history nor totally devoid of imagination, I got a small foretaste of what the submerged minority in Germany must have felt in recent years. And I'll be perfectly frank with you; when I consider some of the measures passed by this General Court — and when I consider some of the measures that were rejected but which I know and you know will come back again and again — and again — until in an unguarded moment, they slip

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through — when I think of these things, I don't feel much different now."

When Erland told me what he had said before the legislature, my mind went back to the day in 1933 when an agent of the government, making a survey, came to our house.

SOMEHOW, for all our hard luck, I had always felt rich. How could anybody be poor who owned land — even a once abandoned farm that was supposed to be marginal? I suppose I had been all wrong. I suppose I should have been comparing myself all these years with my plutocratic sister who was able to sport diamonds and go night-clubbing. But I had always compared my lot with that of my Chinese sister halfway around the world; thinking of her as I read in Ernest's geography how every little twig had to go to make her fire, how every atom of animal droppings along the wayside had to be raked up to help the night soil fertilize her garden; thinking of her as I read in the newspapers of famines and floods and warfare, of dropped bombs, of cholera and plague. After thinking of her, I had felt positively rich with our big woodpile in the back yard, enough to last till next winter when more could be cut in the wood lot; with soil fertile enough for our purposes so long as we kept cows and handled barnyard dressing; and didn't get the "get-rich-bug" and skin the land. Up here on our placid hillside where floods never came, nor famine, nor bloodshed, I had always looked out on a peaceful and beautiful world, and felt serenely rich.

Now I had been made to see myself as I had been revealed by scientific research, without bathrooms, without running water, gas, electricity, paint; without grapefruit or salmon, and at the moment, without milk, eggs, butter, beef. With nothing but potatoes, onions, salt pork, and dry beans. Poor indeed!

But, however the researchers' probing microscope could delineate my material condition, it could not pin down my mood; for it changed after a bit, to something akin to hilarity.

IT WAS with grim good humor that I saw my compass needle swing back to its old true north and the reaffirmation that there was more to life than eating and drinking and having things. Life was a matter of spirit as well as body, however it may have been changed by steam heat, plumbing, new cars, and fruits out of season. What was it that had made life worth-while through all these years of struggling with Fate on an abandoned farm, trying to transform milk and

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potatoes and salt pork and onions into the glowing cheeks and fun of youth, the placid and serene satisfactions of conservative middle age? It was the zest of battle that had led us on — the struggle for supremacy over the forces of Nature. What would life be if we had nothing to work for, nothing to plan for, nothing to figure on, nothing to sweat over? If someone else took all the stress and strain away, would not the joy of achievement go with it? It wasn't a matter of bathrooms and gas and paint after all.

I saw myself in clearer vision and my convictions in sharper perspective. A paternalistic government had reached out its hand and tried to take all responsibility away from me. It had tried to persuade me to surrender all the zest of battle, all the glory of conquest, for the sake of material ease. But I wasn't going to be fooled. I wasn't going to let my rugged, philosophical husband be changed into a robot.

I JUMPED to my feet, stirred up a fire in the kitchen stove, and started to work getting supper. Onion soup, upside-down apple pudding, maple syrup trimming, and the last bottle of tomato cocktail in the cellar. They came in for supper, faces glowing with health, cheeks whipped pink by the wind, and eyes brightened by the fresh air. With appetites born of outdoor work and play, they attacked the soup and called it good.

As they ate, I told them about my thoughts of the afternoon — about individual freedom and individual responsibility, about limited government versus paternalism, about the real meaning of freedom of choice. Finally, waxing more eloquent as my enthusiasm grew, I ended my monologue with what almost amounted to a toast: "If I had to choose between eating soup made of onions and potatoes and plain salt pork, nothing else, three times a day, 365 days in a year for the rest of my natural born life, or having government agents coming into my kitchen to sit around filling out forms in the name of deluded paternalism, I know which I'd choose. *Liberty And Onions!*"

The makers of the Constitution . . . sought to protect Americans in their beliefs, their thoughts, their emotions and their sensations. They conferred, as against the Government, the right to be let alone — the most comprehensive of rights and the right most valued by civilized men.

JUSTICE LOUIS D. BRANDEIS, Olmstead v. U.S., 1928

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Dedication To Success

Benjamin F. Fairless

EVER SINCE the day it was started, the National Radiator Company has always competed against companies much larger than itself; and now that it has branched out into new fields, it has challenged some of the biggest enterprises in our country.

Some years ago, in fact, it started to produce a condensing unit that put it squarely into competition with all the big steel companies in the United States — including my own company, United States Steel. If it could sell these units successfully, it would take away our market for thousands of tons of steel pipe. Well, it did sell them. It even had the brass to try to sell some of them to us for use in our plants. And what do you think happened? We bought them!

We bought them because they were better than the old, steel-pipe equipment that we had been manufacturing and using. A lot of other steel companies bought them also. And that's how National Radiator took from us the only customer in the world that we could have prevented it from getting — United States Steel, itself.

Does that surprise you? Well, it shouldn't, for it happens all the time. Some of America's biggest companies, which used to manufacture their own iron powder, have gone out of that branch of the business completely. They buy it now from National Radiator because they can get it cheaper, or better, or more conveniently.

AND that's how it always is in America. The customer wants nothing but the best — the best product at the best prices — and the customer is King. He alone determines which companies shall be big or small; and which shall live or die. He is the jury and the judge and the court of last appeal; and all the Calamity Johns in the world cannot alter his decision.

Ladies and gentlemen, to my way of thinking, that is the most significant aspect of these ceremonies here today. The National Radiator Company has succeeded because it has served its customers; and since its customers are the public, it has served the public interest. This great new sheet-metal plant is the symbol of that public service.

Mr. Fairless recently retired as Chairman of the Board, United States Steel Company. This is extracted from an address, October 18, 1951.

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The Curse Of Something For Nothing

F. L. Maus

A bank president has implicit faith in the integrity of his cashier. The cashier suddenly absconds with fifty thousand dollars of the bank's funds.

A man hurries through a New Year's throng in Times Square. He reaches for his purse. It is gone; picked by someone in the crowd.

The vacationing members of a family return to their home in the city. It has been ransacked. Valuable possessions are missing.

Two armored-car guards are shot down in a bank entrance without warning. Two other men with smoking guns grab the fallen pouches of currency and disappear.

IF YOU are a regular reader of newspapers, the events briefly described above should have a familiar ring. Perhaps, at one time or another, you may have wondered how it happens that an able-bodied adult gets himself to the point where he will commit such crimes.

There are at least two truths about such actions that are obvious, although they are frequently overlooked. The first of these truths is the simple fact that a person who commits a crime similar to those mentioned must do some thinking and planning to get the deed done.

"How then," one might ask, "does the thinking of such people get so grooved as to lead them ultimately down the road of crime?"

THE ANSWER to that question deals with the second obvious truth about the criminal behaviour previously described. It is this: In each of the four crimes mentioned, the villain in the act took something that did not belong to him; something he had not earned; something for which he was offering nothing in return; *something for nothing.*

There is in almost all of us, old enough to think, that ageless dream of acquiring something for nothing, in large or small amounts. Some of us buy lottery tickets at almost every opportunity. Some of

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us play the numbers racket. Some of us secretly look forward to the death of a rich relative, expecting him to remember us generously in his will. Some of us sue others for substantial damages when, in fact, little or no damages were really suffered. Some of us eagerly seek tips on the stock market or the horse races. Some of us succumb to the fascination of the slot machine or the roulette wheel. And many of us recall, with feelings akin to nostalgia, the enchantment of our childhood belief in the pot of gold at the end of the rainbow. And so it goes, an almost endless refrain: *Something for nothing. Something for nothing. Something for nothing.*

Constantly thinking about getting something for nothing can lead to constant scheming about how to get something that way. As a result, all desire truly to earn one's way in life may become lost. And, if that happens, getting without giving can become the accepted method of seeking a livelihood. Therein lies the answer to the question as to how the thinking of some people can get so grooved as to lead them ultimately down the road of crime.

However, only a relatively few people permit the appeal of something for nothing to lure them into acts of crime. Others, stopping short of crime, permit themselves to be lured into the squeamish life of a panhandler. Still others develop a facility for cheating within the law. And still others succumb only to the extent of acquiring a general disposition to be irresponsible or lazy, the reason for which they never seem quite able to understand. They know only that they are more or less constantly hoping that, somehow, somewhere, their ships will come in without much effort on their part.

The large majority of people, however, seem to suffer little or no personality damage from indulging in the quite human pastime of hoping to get something for nothing. But, there is another aspect of this something-for-nothing stuff that is far more serious than a simple case of armed robbery.

HISTORY is strewn with the wreckage of men and of nations lured to their destruction by the bait of something for nothing — lured by smoothly planned appeals to the criminal tendencies that lie dormant and unrecognized in almost everybody. And the lure succeeded only because its true nature was invariably hidden under a barrage of righteous propaganda.

It may well be that history is subtly being compelled to repeat itself; perhaps on a much larger and rascally scale than ever before. Already, enough of the people may

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have swallowed the bait to cause some impartial historian in the distant future to write a book entitled: "The Collapse of the Twentieth Century Civilization — An Era of Something for Nothing." He may describe in some detail the manner in which unscrupulous and clever public leaders fooled hosts of sincere folks back into misery and slavery with that old fable about the pot of gold at the end of the rainbow — Caesar's rainbow.

Perhaps the future historians will say something like this:

Even in the United States of America, which was the last remaining hope of the world in 1960, colossal give-away schemes, carefully disguised by a scholarly brand of double-talk, had already corrupted millions of mature and able-bodied people into the belief that their personal welfare was the responsibility of someone else — that they should rightly be supported by the product of other people's efforts and not their own!

Those right-thinking leaders in the nation who sought to reveal the gigantic hoax were reviled and ridiculed. They were too late. The clever and unscrupulous ones had too successfully endowed with the halo of righteousness their unholy gospel of something for nothing. And their clever success was in no small measure abetted by those popular and breezy intellectuals who assured all who would listen that the people, simply because they could enter a voting booth, were justly entitled to whatever they chose to vote to themselves.

And so, confused by intellectual half-truths and by subtle but outright falsehoods, the people were persuaded to forget that personal usefulness is the only highway men may travel in a successful pursuit of liberty and happiness. In substitution for the truth they were trapped into forgetting, the people were systematically persuaded to believe that, if they would but worship at the feet of "all-wise" government, a constant flood of something-for-nothing would bring a harvest of "security" to all. Of all the crimes committed in that dazzling but foolish era, this was the greatest.

The grants of "rocking chair money" . . . not only tend to increase inflation but are a thoroughly corrupting "something for nothing" influence. They are like a drug which, once started, can never be abandoned but must continue to be taken in ever-increasing doses. Such grants would be given on pretty much the same principle as that recommended by Damonides at the time of Pericles. In order to increase his popularity Pericles decided that he would make large gifts to the people. Then the sixty-four dollar question arose as to where the money was to come from — how the plan was to be financed. And Damonides, the cynical old philosopher, came up with the jackpot answer. He said, "Make them presents from their own property."

THE COTTON TRADE JOURNAL, New Orleans, February 10, 1950

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Two Ways To Slavery

James M. Rogers

When delegating power and authority to "good" men, remember that the power is apt to be inherited by "bad" men

IN THE Old Testament, there are two thought-provoking stories of how a people brought about their own enslavement. While both examples show that slavery is a moral issue, for the most part the stories use economic and political events and decisions to record the degree of bondage and how it came about. The real lesson lies in the fact that these people became slaves through a sequence of events which, at the time, seemed to be a good course for them to follow. Since we're making these same mistakes in America today to an alarming degree, these two stories hold for us a significant lesson.

The first of the events took place very early in the history of the Hebrew people — our philosophical forefathers. Most of us are aware of the fact that when Moses came upon the scene in Egypt, the Israelites were enjoying the dubious distinction of being among the most downtrodden slaves in that part of the world. But few of us seem to have any idea how they got that way. We remember that these Israelites weren't always the slaves of the Egyptians, but the events leading up to this dark period have not been given enough emphasis in most studies of the Bible.

The leading character in this tragedy was the man of "the coat of many colors" fame, Joseph. He was the eleventh son of old Jacob who, in his youth, had tricked his brother Esau out of his birthright.

THE FIRST scene in the drama really takes place on the plains at Shechem — near the vale of Hebron on the land of Jacob — where we find ten of the sons of Jacob tending the flocks. They are fed up with their brother Joseph. He had announced to them some time before that he had a dream telling him that his brothers were all going to be his subjects one of these fine days. This, added to the fact that their father had made no secret of his special affection for the

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boy, is too much for the brothers. They gang up on Joseph and throw him into a pit until they can decide what to do with him.

Through a series of coincidences — combined with the compassion of one brother, Reuben — Joseph is sold into slavery to a merchant going into Egypt. There he is sold again and ends up, finally, in jail because of a married woman who thinks she can't live without him.

While Joseph is a prisoner, his knack for interpreting dreams is brought to the attention of Pharaoh, King of Egypt. The King has had a dream which has defied interpretation by his magicians. Someone tells him of the prisoner Joseph who, it is said, can give him the meaning of the dream.

Joseph is sent for and tells the King that the dream is a warning. It means that the country will enjoy seven years of bountiful harvests, which will be followed by seven years of great famine. Joseph says further that the dream is a warning to Egypt to store up food during the seven good years, in preparation for the seven bad ones which are to follow.

The King is so overjoyed at Joseph's ability to bring forth this wonderful interpretation that he puts him in charge of the entire operation. That is how Joseph became the first OPA administrator in history.

INCIDENTALLY, it was this Bible story which was actually used by some politicians in America to sell price stabilization and the "ever normal granary" to the American people. The real punch line of the story — the scene where the people became slaves of the man controlling the granary — was never included in those Bible quoting sessions of the early Thirties. This is how it happened.

The seven good years in Egypt rolled by on schedule, and the storing of grain went according to plan. Then came the bad years. There is nothing in the story to indicate how the government of Egypt gained control of the excess crops in the good years, but the way the government distributed the crops in the bad years is made very clear. Joseph forced the Egyptians to pay for every bushel of grain they got from the government. Finally the people had nothing left with which to buy the food they so desperately needed. So he demanded of them that they bring him the deeds to their lands. On the appointed day they did; then he made the awful pronouncement which is never referred to when the story is retold by politicians to the American people today. When the Egyptians laid the deeds to their land at his feet, Joseph said to them: "Behold, I have bought *you* this day . . ."

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In our day, the land is rapidly coming under the ownership of the government which already owns, outright, 25 per cent of the land in the United States. While government ownership of the rest of the land is not presently being established through an open "bring me the deeds to your land" approach, such ownership is being constantly established nonetheless. Men who may not even realize it are becoming modern Josephs. Ordinarily, they do not openly ask for deeds. But surely some of them are smart enough to know that ownership is much more a matter of who has the power of decision over the property than of who happens to be listed as the owner with the County Recorder's office. This indication of ownership in the Recorder's office may only entitle the so-called owner to the dubious pleasure of paying taxes on the land.

The real owner of a property is the one who calls the shots on how the land is to be used: What can be raised on it? To whom and for what price can the produce be sold? How are the profits to be divided? On that basis, ownership of America's farm lands is quite different from what the Recorders' books may indicate.* Actually, the full plight of farmers is not fully stated when we show that they no longer own the land. Joseph really put the picture in focus with his "I have bought *you*," for whoever owns the land also owns the people of the land.

MANY YEARS after his brothers had sold Joseph into slavery, they were still back on the plains of Shechem with their flocks. Because they had robbed themselves of the insight of Joseph, they didn't bother to put any surplus aside during those fat years, acting as though the good times would never end. Then when the lean years came along, they suddenly found themselves faced with starvation.

Rumor had it that grain could be found in the land of Pharaoh. The sons of Jacob journeyed there to buy wheat, which is referred to in the Bible as corn. When they arrived in this far off land, they began to bargain over the precious foodstuff with a person they thought was a shrewd Egyptian. Not one of them suspected that he was their brother Joseph whom they had long since thought dead.

The chapter that tells of the revelation of Joseph's true identity, and the subsequent arrangement to have Jacob and all the rest of the

*For a specific example of how this works in the United States, a reading of *Agrarian Reform* by Paul Poirot would be most illuminating. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; single copy free.)

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family brought to Egypt for Joseph to look after, is indeed a touching story. Those parts of the story have been told and told again as examples of how one so wronged can — and should — forgive his tormentors. However, as in the case of "Behold, I have bought *you* this day," the sad end of the Israelites through the paternalism of their brother Joseph always seems to get left out of the story.

You see, before Joseph permitted his father, his brothers, and their families to participate in this wonderful system to save the world from famine, they had to place themselves in the same position as the Egyptians. So in addition to owning the Egyptians, Joseph also became master over his parents and his brothers and their families.

At the time, this was no source of concern to the Israelites, for was not Joseph their beloved brother and son? Was this not the one who had been able to forgive his brothers for their horrible deed of years ago? What possible harm could come from agreeing that their brother Joseph should have this fearful power over them?

How many times throughout history this same mistake has been made: Power given to someone who is trusted; then another, to whom the people would *never* have given power, inherits that which was given to a trusted one.

You can guess what happened. Joseph died. An Egyptian inherited the power that had been Joseph's. He didn't assume any power that had not been in the hands of the kind and compassionate Joseph. The only difference was that he used it differently. He used it to make of the Israelites the abject slaves described in the Bible.

TODAY we have empowered people in our own government to do things for us without realizing the fearful extent of that power. We don't yet realize it because the people who now hold it have generally not chosen to exercise it in all the awfulness implicit in it. When they do, we will wonder how we could ever have been foolish enough to have given that power to anyone.

The market place is literally jammed with examples of how we have surrendered powers over our jobs, incomes, production facilities, and trade channels. We have also surrendered certain powers in other areas in ways we probably don't even imagine.

In the State of New York, for example, the people have empowered the governor of the State to determine the nature of right and wrong as it is to be taught to the children in our schools. The people don't yet realize the full meaning of this; but you may be sure that sooner or later the realization will

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come, and they will say: "How could we have done this?"

HERE IS how we surrendered a large part of our responsibility over the minds and morals of our children: We have given the governor the power to appoint a Board of Regents which, in turn, has the power to approve or disapprove every textbook to be used in the schools of the entire State. If they do not always choose to exercise the power, it is still nonetheless true. We have further permitted this same Board of Regents to set the standards of learning which must be met by a child before he may be passed from one class to the next. This is true not only of a knowledge of subjects like arithmetic, reading, and spelling, but also of such matters as the proper functions of government.

If you were to offer only one of the offices of our land to those who could change this Republic to something we hate, they would be completely satisfied to have no other power than control of the one just referred to: the power over education. You may say: "Yes, but the men who are in possession of that power are fine people." This is quite likely true, even though I find myself in disagreement with certain of the ideas and principles they conclude to be morally right, and which they are causing to be taught to our children. But that is not what's worrying me. My fear is that, at some time in the future, a man who has the power of appointing that Board of Regents will, little by little, destroy the younger generation's resistance to tyranny by causing them to be taught ideas and principles which are in direct conflict with our Declaration of Independence and Constitution. Some of those questionable principles are already apparent in a number of textbooks. They have to do with world government, foreign wars, government ownership of the means of production, and other similar issues.

And if you think you will "vote the rascals out" if the government tries to take full control over our children's education, I have news for you: The government *already* has full control. And so far as I can determine, most people want it that way. True, the government still *permits* private schools — under government supervision. And there is still some controversy as to whether the federal government or the state government shall exercise the major control over the education of our children, but that is merely a temporary sop for people who enjoy arguing details rather than principles.

That is just one of the ways we have given power to people — slowly and over a long period of

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time — because we have confidence in them. The issue behind the Bricker Amendment is another example of this same process. One of the main arguments against the Bricker Amendment is: "Don't you trust the President?" And the answer could be that the children of Israel trusted Joseph too, but that was of small comfort to them after another person inherited the power and then did something with it that Joseph would never have done. The lesson we should learn from the Israelites is this: In deciding whether or not to give power over you to your most trusted friend, imagine that his authority might eventually be held by your worst enemy. Then act accordingly; for although the friend may never misuse it, there's no way of telling who might inherit it from him.

THE BONDAGE in Egypt was the first period of slavery for the Israelites. It was not the last, however, nor in some ways was it the worst. The next period of their slavery did not take place until many years later; not until after Moses had come along and led them out of the land of bondage and across the wilderness for some forty or more years; until they had finally entered the Promised Land under the leadership of Joshua.

Those early years in Canaan were wonderful ones. Here was a people who had never really accomplished anything as a nation. They were the offspring of these twelve brothers, the sons of Jacob. They had been suffering or running away from something almost ever since they came into existence. The peoples they had to fight in order to get their place in the already overcrowded fertile crescent were of such famous names in the family of world tribes as the Hittites — the great fighters, the discoverers of iron swords — the Amorites, and also the Canaanites. These were all accomplished tribes or nations which had tradition and history in their favor. The Israelites were nothing more than a ragged group of desert nomads.

There was one significant difference, however. This seemingly unorganized group of desert waifs had a most unique type of government. They had no king to command and control them. Long since, these people had learned that there is a great source of wisdom which guides the universe and, although their knowledge of it was quite primitive, and their method of reaching this great source of wisdom and power left much to be desired, they had a motivation which was head and shoulders above all the tribes around them.

It was not a case of each man contacting this power for himself and in his own way; they were still

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too primitive for that. Instead, they had selected from among their group one upon whom they felt a special mantle of their God, Jehovah, had fallen. And it was his job to interpret to the rest of them the will of Jehovah.

By this seemingly simple and childlike system, these people were able to overcome almost insurmountable odds. While all the other tribes were thinking and working only on the level of the mind of man, or satisfying a multiplicity of unknown spirits which seemed to work mostly against them, the Israelites were actually trying desperately — although sometimes foolishly and mistakenly — to know the will of the force that was directing all of creation. You don't have to be very good to be best at something if you are the only one who's trying it at all!

THE ONE selected to guide the children of Israel in the way of Jehovah was called the judge. Their form of "government" might be called a theocracy. But it was completely unlike the theocratic societies which came about in later years, when men like Oliver Cromwell and others who thought themselves to be part god, ruled people in a dictatorial fashion. The social organization of the Israelites was the honest attempt of a people to be governed by God. It was more than an honest attempt; it was the most successful venture to date in that part of the world.

During those early years in Canaan, the children of Israel made progress such as has seldom been made in the whole history of the world. The tribes increased; their flocks increased; suitable settlements were made with the Canaanites who recognized something quite unusual and unique in these people; and the responsibility of judgeship passed through several hands until, finally, it rested with one of the greatest judges of all: Samuel.

SAMUEL HAD served the children of Israel through many difficult times, accurately interpreting the will of Jehovah. But he had become an old man. The time had come for him to begin thinking in terms of his successor. He had high hopes that one of his two sons would show signs that would make him the choice of Jehovah. But how would he ever know? Samuel divided a small portion of the country in half, putting one son as judge over one part and the other son as judge of the other part.

Everything was against these two boys. They were young; they were the easy prey of tempters who offered them money; they had some extremely bad examples being set before them by the Oriental poten-

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tates on every side. To put it simply, they performed very badly.

The elders of the several cities were watching all of this with much interest. They saw in these two irresponsible young men their next judge, and the prospect did not please them. So, at a prearranged time, they met with Samuel at Ramah. There the elders told him that as they observed the experiment, it was apparent the sons were not wise in the ways of Samuel; and Israel did not look forward to having either of them as a judge. Then the elders told Samuel that what they really wanted was a king to rule over them in the fashion of other nations. They asked him to appoint one.

THIS WAS a great shock to Samuel. To him it was an indication that they were not satisfied with his judgments. As was his custom in time of trouble, he stalled for time, then took the matter to a quiet place where he was accustomed to talking with Jehovah.

As you read this in the First Book of Samuel, it almost seems as though Jehovah anticipated Samuel's feelings because Jehovah told him that he was wrong to feel so bad. It was not Samuel they were rejecting, but Jehovah. He also said there was nothing, really, that either he or Samuel could do. If these people really wanted a king, they were going to have one; and it would be wise for Samuel to make the best possible choice.

Jehovah said there were some things, however, that he wanted the people to know before they turned to a king for guidance in matters which theretofore had always been left to their God. He wanted them to know the inevitable results which come to pass whenever men give to other men powers that should be left in the hands of their Creator.

So he told Samuel to tell it to them straight. He said to tell them that this king who would replace him would at first need only about 10 per cent of all their sons and daughters and manservants and maidservants, and 10 per cent of the produce of their work to support his efforts; but that would be only the beginning. The implication was that it would eventually be 25 per cent and then 50 per cent, then more and more, because he concluded by saying that they would all become virtual slaves of this king they would put in the place of Jehovah.

His parting instruction to Samuel was to tell them: "And ye shall cry out in that day because of your king which ye shall have chosen: And the Lord will not hear you in that day."

The accuracy of that prophecy was very quick to make itself

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known. Saul, the first king, taxed the people about 10 per cent. David took care of at least 25 per cent more. Solomon, his son, required about 50 per cent. Along with this destructive taxation, all of these kings were performing various and sundry other evil acts upon the people — just as Jehovah had predicted. Then, in rapid succession, a rather feeble assortment of kings called upon them to give the rest of their possessions to support a series of foolish and wasteful wars. It was the end of the Israelites as a nation. From that time on, until they became so scattered over the face of the earth that it's really difficult to know what happened to them, they were constantly the slaves of either their own or some foreign king.

THE EXPERIENCE of the Israelites early in the history of the world, proved the truth of this fact about government: When the people turn to the source of creation for leadership — instead of to the authoritarian arrangement whereby the mind of man rules men — they have a chance to accomplish great things.

This wonderful idea of government was never really tried again for many hundreds of years. It was only after many nations of men had collapsed under the weight of their so-called divine kings, and had become a rubble over which succeeding generations and armies had trampled, that a handful of people finally crossed the wide expanses of the great sea to America. Here this idea was to have a chance to work its wonders again.

In this new climate, there were still many persons who thought it would be sure death to the people if they did not have a king to whom they might look for leadership. So they maintained allegiance for many years to their traditional kings across the sea. But when the king began to increase his take of the percentage of their productive efforts — and continually called upon them to support and fight his useless wars — some of the wiser people in this new land saw the potential of permitting God to do most of the ruling.

THIS NEW experiment was to be quite different from the first one in Canaan. The early Americans had learned that it was not necessary to have a judge to intercede with God for them. They had learned that *every* man might approach this great source of power and wisdom if he so desired. Every man was potentially capable of finding his own answers. And so, essentially, that was the way they decided to run the country. The lion's share of government was to be a matter between the individual

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and whatever he found to be his Jehovah. In fact, about all they decided to leave to organized and formalized government was the power to restrain those persons who injured other persons. Vast areas which had theretofore always been the province of a ruler of the people, were going to be handled in this new and revolutionary manner of individual authority and responsibility.

Just think of it! All aspects of the individual's life and his right to live it; all aspects of the individual's liberty and his right to be a free man; all aspects of the things he would decide to do for the pursuit of happiness; all these things were going to be governed in this revolutionary fashion outside the authority of formalized government whereby some men have always directed and controlled other men!

It was to be chiefly a most unusual kind of theocracy. God would be ruling the nation, not through any one man but through each man as he knew his own God.

The results of this revolutionary concept of government were extraordinary. The people prospered as no people had ever prospered before them. They grew strong — both materially and spiritually. They invited the poor and downtrodden of all nations to leave their man-ruled societies and move to this land of freedom under God where every man was his own master and responsible for his own actions. The freedom-hungry foreigners poured in by the millions. The old and the new lived together, worked together, worshipped together, and prospered together. They were free and unafraid. As long as they held to the original concept of a partnership between God and man, all went well.

But somewhere along the way the people faltered. They began to lose their faith. They began to fear the consequences of their own free choices. Without even realizing it, they began to reject God and personal responsibility, and to clamor for a man-ruler to look out for their welfare and bear their burdens for them.

Had this covenant between God and man been dissolved by man in one fell swoop, maybe Jehovah would have ordained some "Samuel" through whom he would have passed the same judgment on these Americans that he did on the Israelites when they dissolved the arrangement. However, the Americans began doing it a little at a time. They did not start right off and say they were going to have a king to rule in all the areas which were originally reserved to the individual and his Jehovah. They made this decision piecemeal.

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When the people first began turning their responsibilities over to government on a small scale, they didn't realize that they were actually dissolving their relationship with God; but they were. And the judgment which was passed on that group of Israelite elders clear back at Ramah, began to settle on them. Little by little, these Americans began to become slaves of the men to whom they were giving God's job.

At first it wasn't much, just a matter of two or three per cent of the total productive effort of the people that was being assigned to those who were going to assume Jehovah's responsibility. This money was to be used by the officials for the general welfare, such as charity, education, public works — "things which all men of goodwill ought to be doing anyway." But then it was 10 per cent. Then 25 per cent, and more. At the same time, millions of our young men were drafted against their wills and sent to fight foreign wars which didn't concern them.* As we look at it now, it seems strange that more of the people — especially the religious leaders — didn't see the connection between this and the judgment at Ramah. But the transfer of responsibility and authority continued and the percentage of slavery increased.**

TODAY, as this is being written, we are presently a little over 36 per cent the economic slaves of those to whom we have transferred the control of our market places, our incomes, and our responsibilities to act like children of God. How far will we go in the changing of the rules which made possible the wonderful progress we enjoyed under conditions of freedom?

All along the way, many persons have realized that something is terribly wrong and have tried to show that we are bound for chaos because of the absence of freedom in the market place. They have insisted that this absence of freedom in the market place makes for less production than we could have, more shortages than we need to have, and a final absence of wealth. Of this there is no doubt. But the time when it becomes obvious to all can often be removed some distance from the act which caused it to happen. To be sure, every Israelite could eventually testify to the poverty and slavery which became his lot because of what the people had done in rejecting Jehovah. But ac-

*For a full discussion of this, see *The Conscription Idea* by Dean Russell. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; single copy free.)

**For a method of measuring this, see *Liberty: A Path to Its Recovery* by F. A. Harper. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; 159 pp., $1.00 paperbound.)

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tually, the full effect of earlier decisions did not come to pass for quite some time. While they were existing under a partial system of slavery during the reigns of David and Solomon, it would have been hard for them to believe that the poverty and destruction which was in store for them was just around the corner. Like present-day Americans, the Israelites also "never had it so good."

When the fires of an economy have been well stoked by the energy of freedom, it's often quite surprising how well that fire holds, and how much heat it can give off even after the source of that fuel is gone. But the fact remains that whenever and wherever we transfer authority and power over us to *any* organization or person, we thereby enter into a form of bondage, a degree of slavery. While this is seen most clearly when the organization is government, the principle still works for other organizations as well.

Take the case of the worker who transfers to some union organization authority over his right to pursue the happiness he receives from his work. Just as soon as that transfer is completed, a kind of slavery exists at once in some degree. Where, before, he was free to exercise his own judgment, he's now dependent on the new authority — the union organization. When the time comes that a majority of those in power decide that the individual shall not go to work the next day, then he has no say in the matter and this very important facet of his right to the pursuit of happiness is gone. He has thereby become in some degree the slave of a master; no longer is it a matter which he may talk over with the Creator from whom he has inherited the right. He has empowered another to assume the position of Jehovah. He's fired Jehovah from that job.

SLAVERY EXISTS whenever we give men the power over our lives which rightly belongs with the Creator. This word "slavery" — or the softer term of "bondage" — might strike many people as harsh and without relationship to anything in our day. Slavery is more often thought of in connection with the situation existing in the South before the Civil War. We only delude ourselves, however, when we fail to see that whenever our productive effort is controlled by other men, without our consent even though they achieve the power legally, it is still slavery. Periods of slavery in which government was the master are many. The people of Germany and Italy will attest to the slavery they experienced under Hitler and Mussolini. Yet both men seem to have arranged things in a legal fashion. Are the people of Russia

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any the less slaves because their productive effort is owned by their government instead of by a man?

There are two ways to slavery. This is not to say there aren't others. But these two ways as shown in the history of the Israelites have been set before us to examine: Here we see a truly great people who made a fearful mistake, and then upon being given a second chance, made such a final blunder that it actually wiped the nation from the face of the earth.

TODAY we're combining both of these ways to a frightening degree here in the United States. We're empowering some people to be masters over us when we know it's not the sort of power we would ever give to someone we distrust. That's the mistake that was made at the time of Joseph. The condition in which Moses found the children of Israel is ample testimony to the result of such a mistake. Their next mistake was in demanding that a man be selected to rule over them and to decide for them what they should be forced to do in unison.

We are now in the process of dissolving that part of our New World concept of government which made it different from the conditions of Europe. It was this difference which caused people who were nothing in the old climate to become inventive and resourceful and creative and productive in the new. The essential difference was that the only power men were to have over other men was the power to prevent them from injuring each other, which is a very small part of the decisions that make up the whole of life. In effect, all the rest of living was to be self-government between the individual and his God — a new theocracy.

IT IS not yet too late for the American people to return to our original concept of individual freedom and personal responsibility under God. But if we aren't worried now, just when will we realize the truth of the judgment of God as it was passed on the Israelites at Ramah? If not when we are 36 per cent slaves, will it be when the slavery is 50 per cent, or 75 per cent? Will we be so blind that the truth of that judgment will not come to us until it is too late, until we, like the Israelites, have been dissolved as a nation and scattered over the face of the earth, perhaps never to be called together again? For the final judgment was: "And ye shall cry out in that day because of your king which ye shall have chosen: And the Lord will not hear you in that day."

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The Railroads Of France

Murray N. Rothbard

Ever since railroads were established by private enterprise, they have been a favorite candidate for nationalization. France offers a typical story of government operation of the railroads.

FRANCE TOOK its first halting step toward nationalization of railways in 1876 when it took over one small railroad. What with large deficits and poor service, the experiment was unsuccessful. The government's excuse was that its railroad holdings were not extensive enough.

Accordingly, the French government purchased the large and important Western Railway system in 1908, in spite of strong opposition in the Senate. The purchase was authorized only after Premier Clemenceau threatened to resign if the proposal did not pass.

The effects of the new regime of government ownership were rapid and far exceeded the warnings of the opposition. The entire railroad was in disorder. A series of major accidents occurred on the government line, although there were no such accidents on the private lines. An economist sardonically observed that the French government had added railway accidents to its growing list of monopolies. The nationalized train service deteriorated to such an extent that many people preferred to travel by wagon. Inefficiency caused heavy losses on freight en route, and the railway was obliged to pay large indemnities for losses. These payments were ultimately covered, of course, by the French taxpayers.

After watching the inept operation for three years, the French Senate passed a resolution condemning the "deplorable conditions" of the state railroad system.

COSTS of operation increased rapidly under state management, although Clemenceau had assured the deputies that costs would not increase. In 1908, the last year of private operation of the Western Railway, costs totaled 147 million francs. By 1911, costs had increased to 204 million; and net revenue had declined 60 per cent.

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Service on the railway was set back 50 years. In 1908, the length of time for a trip from Rouen to Paris was 2 hours and 11 minutes. After three years of government operation, the time had increased to 2 hours and 39 minutes, a rise of 20 per cent — seven minutes longer than the time for the trip when the railroad first began operations in 1865.

ANOTHER COMPARISON is provided by the Belgian state-owned railway which was directly adjacent to the privately-owned French Northern Railway. The roads were of similar size and faced comparable conditions, and in 1911 both railways charged practically the same rates. The privately-operated French Northern paid taxes of 28 million francs and rent of 41 million, with 31 million francs remaining as profit. Yet, the Belgian state railway, which paid neither rent nor taxes, operated at a loss.

Not until 1937 was the campaign to nationalize all French railroads completed. The government took over the railroads at the end of that year, and formed a National French Railway Company. The French government controls the organization, and owns 51 per cent of the stock of the new company; the other 49 per cent of the stock is privately owned.

The results? The railroad operating loss was 2.6 billion francs in 1938. In addition to such losses, the French taxpayers have footed the bill for a 38 billion franc Reconstruction Fund, and a 33 billion franc Modernization and Equipment Fund.

The main contention of the government, when it took over the French railroads in 1937, was that nationalization would render operations more efficient and permit a balanced budget on the railroads.

The vigorous attempts of the new National Company to balance its budget centered in sharply raising railroad rates. From 1937 to 1938, first-class passenger rates were increased by 38 per cent, third-class rates by 65 per cent, and freight rates by 25 per cent. It also removed a subsidy estimated at 500 million francs annually that the post office had received through low rates.

These measures caused operating revenues of French railroads to increase from 12,670 million francs in 1937 to 15,600 million in 1938. Operating costs, however, rose even faster, from 14,720 million francs in 1937 to 18,200 million in 1938. If fixed charges are included, the total deficit amounted to almost seven billions in 1938.

The French railroad budget is further from balance today than it was when the National Company was first formed.

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The Forgotten Man

John Chamberlain

He's the one from whom the money is taken to subsidize the others

A NATION begins to decline when it neglects its own classics. But no trend is necessarily permanent, and classics can come back. Take the case of William Graham Sumner's *What Social Classes Owe to Each Other,* for example. Published originally in 1883, this little classic of individualism was long unavailable to the general reader. But in the last few years, it has been made available by several different organizations.

What Social Classes Owe to Each Other has had the strangest of histories. It was written at a time when the fallacies of Welfare State thinking were just beginning to take hold in America. A professor of economics at Yale in the early Eighties, Sumner sensed the oncoming socialistic deluge when it was the merest trickle. He could hardly know in 1883 that Edward Bellamy was already meditating in Boston on the notions of the Utopian socialists, and getting ready to write his *Looking Backward: 2000-1887,* a book which does its best to suffuse the idea of the regimented slave state with a romantic glow. He could hardly have been aware that out in Chicago young Henry Demarest Lloyd was predicting (in the *Chicago Tribune,* of all places) that "the unnatural principles of the competitive economy of John Stuart Mill will be as obsolete as the rules of war by which Caesar slaughtered the fair-haired men, women and children of Germania." Nor could he have known that in Indiana, Socialist Eugene V. Debs was taking his first flier in politics, as city clerk of Terre Haute. Yet Sumner felt in his bones that the world of his youth was about to shift on its axis. Faith in individualism was weakening; Sumner knew it from reading the accounts of speeches in the papers. The willingness of the Gilded Age plutocracy to accept government favors in the form of tariffs also impressed him as a sign of decadence; no free society, as he well knew, could be built on hypocrisy.

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A PROFOUND student of veering social currents, Sumner set his face uncompromisingly against the rising Welfare State principles of the New Day. The record of history told him that the Welfare State inevitably becomes the Illfare State. In *What Social Classes Owe to Each Other* Sumner tried to underscore the lesson of history by bringing simple arithmetic to bear on the Welfarists' proposition. The state, as Sumner said, is All-of-Us organized to protect the rights of Each-of-Us. But when Some-of-Us try by political manipulation to live off Others-of-Us, rights necessarily go out the window. In Sumner's estimation the type and formula of most Welfare — or Illfare — State schemes come down to this: A and B put their heads together to decide what C shall be made to do for D. The vice of such scheming is that C is never consulted in the matter; he is simply clubbed by the police power of the state into diverting a part of his earnings to someone he has never seen. C is very likely a most responsible citizen; he is generally the type of person who supports himself uncomplainingly, sees to it that his children are educated, and contributes to the voluntary charities of his neighborhood. If C has any surplus over what it takes to live and provide for his children and his locality, he generally saves it and invests it, thereby adding to the capital equipment by which the nation's standard of living is maintained and raised.

Sumner called C the Forgotten Man. The phrase was doubly prophetic; for by a most ironical sequel Franklin D. Roosevelt picked it up in the Nineteen-thirties and applied it, not to Sumner's C, but to Sumner's D. This simple act of misappropriation, which made C more forgotten than ever, did much to get the Welfare State notions of the New Deal accepted by a troubled nation. Misapplied or not, there's nothing like a good phrase backed by a golden voice to win votes.

THE ATTEMPTED rehabilitation of D at the expense of C never even really served its alleged purpose of helping D. It is written in the arithmetic books of the seventh grade that D is hurt, not helped, when A and B scheme to mulct C of the fruits of his toil. Now it cannot be that Americans have actually forgotten their seventh-grade arithmetic; they have merely ceased to apply it to their thinking on social matters. Any child ought to be able to see that if C has, let us say, $3000, it will buy just $3000 worth of goods and no more. Let us say that A and B take $1000 of C's money to spend on D. Some of the $1000 must be used to support the

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sterile machinery of state collection, bookkeeping, and redistribution. But after the politicians and their office-holding dependents have taken their cut of the $1000, D gets some of the money. In the natural course of events he uses it — to consume. What is left to C of the original $3000 also goes largely into consumption; there simply isn't enough left of the total to enable C to save anything out for investment. So under Welfare politics there is no addition out of the $3000 to the capital stock of the nation. Thus, because of the schemings of A and B allegedly in behalf of D, the industrial system does not expand. The upshot of this is that D is prevented from getting a job. He remains at the mercy of A and B, who continue to take it out on C.

Since A and B are of the predatory type of do-gooder who insists on being unselfish with other people's money, they are not likely to get around to taking a refresher course in seventh-grade arithmetic. But if D has any pride at all, he must someday begin to apply what he learned in the seventh grade to his own social plight. Does he want forever to remain a ward of A and B, getting a continually decreasing portion of consumer goods as the population grows and presses against the limits of a static industrial system? Wouldn't it be far better for him to throw in his lot with C in an effort to expand the capital plant and so create a productive niche for himself in society?

The reason why D has not been able to see that his welfare depends on making a common front with C is that A and B have learned to delude him with inflationary tricks. A and B are always pointing out that the "gross national product" is up by so many billions of dollars over the product of ten years ago. What they do not bother to tell D is that the value of the dollar has been debauched, and that it is no longer a good measuring stick for anything. It is true enough that the gross national product of the United States has continued to increase. Despite the scheming of A and B, the Forgotten Man has been able to squeeze out some money for investment even after he has paid most of his savings out to support D. But by all the logic of arithmetic the United States would be far richer today in capital equipment if Franklin Roosevelt had made the correct identification of William Graham Sumner's Forgotten Man. If C had been left unmulcted, there would be more for everybody.

SUMNER is usually thought of as a heartless logician, a basically uncharitable man. *What Social*

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Classes Owe to Each Other is, however, almost Biblical in its understanding of the "law of sympathy." At the very best, says Sumner, one of us fails in one way and another in another, "if we do not fail altogether." It will not do to condone failure abstractly; but if a man happens to be pinned to earth by a fallen tree, it is scarcely appropriate to his immediate predicament to deliver him a lecture on carelessness. True, the man may have been careless; but a lecture won't get the tree off his leg. Amid the chances and perils of life, says Sumner, men owe to other men their aid and sympathy. But aid and sympathy must operate in the field of private and personal relationships under the regulation of reason and conscience. If men trust to the state to supply "reason and conscience," they so deaden themselves that the "law of sympathy" ceases to operate anywhere. Men who shrug off their personal obligations become hard and unfeeling, and it is small wonder then that they are entirely willing to go along with hard and unfeeling politics. It is when he decides to "let the state do it" that the humanitarian ends up by condoning the use of the guillotine for the "betterment" of man.

So far as I am aware, *What Social Classes Owe to Each Other* is not used as a text in any college in the country. If it is reprinted often enough, however, the time will come when it will make its way back to the campus. Students are curious even when they are deluded and misled; and when books are available, students will find their way to them.

William Graham Sumner's *What Social Classes Owe to Each Other*, 146 pages, paper-bound, may be secured from FEE, Irvington-on-Hudson, N. Y., $1.25 each.

"The opposite of civilization is not barbarism but Utopia. Utopia can let no man be his own worst enemy, take the risk of going uninsured, gamble on the horses or on his own future, go to Hell in his own way. It has to concern itself more with the connection of the parts than with the separateness of the parts. It has to know where everyone is; it has to keep track of us. It can't protect us unless it directs us."

ROBERT FROST, from "The Listener," August 26, 1954

He who relies upon state protection must pay for it by limitations on liberty; by every new demand which he makes on the state, he increases its functions and the burden of it on himself.

WILLIAM GRAHAM SUMNER

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The Cow In The Apartment

Burton Rascoe

Helping yourself is one of the best possible ways to help others

HAVEN'T YOU at one time or another remarked, or heard, without protest, a friend remark: "Radio and TV would be all right if it weren't for the commercials," or "He used to be a pretty good writer, but he is turning out nothing but commercial stuff nowadays," or "Commerce and religion don't mix well," or "It's the commercial angle that is tied in with the project that I object to"?

If so, have you ever realized that every one of those expressions and others like them are nothing whatever but displays and airings of baseless and rather vulgar snobbery?

We are all — every single one of us — engaged in trade. Trade is our way of helping ourselves and others.

The man who deposits a bottle full of milk before my apartment door every morning is in trade, even though he belongs to a driver's union; and his being in trade is a way of helping me and others. Since I live in an apartment in the city, I can't keep a cow handy, even if I knew how to milk her. Even if it were possible for me to keep a cow in the apartment, the cow would produce more milk than I can use. I couldn't stop milking her; for if I did, she would go dry. I would have an unproductive cow on my hands in an apartment, and the cost of feeding and cleaning up after her would be great. If I tried to get back some of the cost by selling the surplus, I would have to go into business, buy bottles and sterilizing and pasteurizing chemicals and equipment, solicit customers, keep books, keep publicly displayed the O.P.A. milk prices, file and pay quarterly income taxes, get, display, and keep paid up on, the necessary licenses, submit to regular federal, state, and municipal food and hygiene inspection, promptly report all symptoms of hoof-and-mouth disease, ticks or other cow afflictions, dun my delinquent customers, and Lord knows what all — and the surplus milk from one cow would cost me X-dol-

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lars for every 28¢ bottle of milk I sold.

So my milkman, in trade, helps me in more ways than he probably realizes; and he also helps so many other people. By helping the milk company to keep together, he even helps me to enjoy certain dramas on my TV. From the aggregate of profits in fractions of mills on the 28¢ bottle of milk, the company seeks to increase the number of persons it helps in the same way it does me.

ONE OF the ways the company can increase its number of milk customers is by advertising; and one of these ways of advertising is by helping the television companies to keep in business by buying time from the companies for the televising of dramas for which writers, directors, producers, camera operators, electricians, costumers, make-up artists, script girls, announcers, and actors must be hired.

Every aspect of all this is commercial, from the creative talent of the writer of the drama, who trades the product of his brains for cash to the rest of the studio, to the work of the scrub woman who cleans up the studio. But the only thing that is labeled "commercial" is the selling-talk for the milk company, which appears at the beginning, in the middle, and at the end of the TV drama, and which consumes not more than three minutes of the TV audience's time.

YET THOSE three minutes are entirely devoted by the company to the helping of others — commercial script-writers, actors, scenic artists, cameramen, electricians, and others — all of whom are provided with a means of livelihood by the indispensable and economically justifiable "commercial" which makes it possible to see a good drama, well acted, without cost in my living room.

It is impossible honestly to make a great deal of money without doing a great deal of good.

Either some Caesar or Napoleon will seize the reins of government with a strong hand; or your republic will be as fearfully plundered and laid waste by barbarians in the twentieth Century as the Roman Empire was in the fifth; — with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your own country by your own institutions.

T. B. MACAULEY, Letter to H. S. Randall, May 23, 1857

Freedom degenerates unless it has to struggle in its own defense.

LORD ACTON (John Emerich Edward Dalberg-Acton)

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The Essence Of Capitalism

Hart Buck

ONE OF THE inescapable facts of human life is that we must choose among alternatives. That fact furnishes us the clue to economic science.

It is as simple as this: Two years ago, I wanted to hear a recital by Anna Russell and an address by Archduke Otto. But I had to choose between them because they were appearing in different parts of Toronto on the same evening and at no other time.

As you read this article, you yourself have made a choice among alternative uses of your time. You could have turned to television or picked up a novel. Instead, you chose to read what I have to say about capitalism.

THE BASIC idea of capitalism is that if we are left free to choose what we want most, we'll get the most of what we want. That is all there is to it. Any alternative whatever to capitalism can only be a system in which the police may compel us to take B when we would prefer A.

It is quite true that capitalism is an economy of scarcity. Under that name in the 1930's, its critics contrasted it with the economy of abundance which would arrive when capitalism no longer blocked the track. But this side of Utopia or Paradise, there is no economy of abundance. If there were abundance, there would be no need for economy. There is indeed abundance of air for us to breathe, and therefore no need to economize air. But practically everything else we want is in short supply; practically everything we want is such that we must work to get it and wait to get it, simply because we happen to want the kind of things that don't occur naturally, or don't occur naturally in sufficient quantity to satisfy all of us. There are not enough hands in the world to work, and not enough time to wait, to bring into existence all of the things that two and a half billion human beings want. Any economic system, therefore, is an economy of scarcity. The purpose of any economic system is to enable us to work and wait for the things we most want if we have to choose, and hence to overcome scarcity. Capitalism is the economy of minimum

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scarcity because its basic principle is to leave everybody free to choose.

GIVEN FREEDOM to choose between alternatives as the single basic premise, all the institutions and gadgets of capitalism are then free to grow out of it all by themselves. Human beings, free to choose what things they will work and wait for, will spontaneously invent not only physical apparatus but also institutional conveniences, whereby working and waiting will pay off in more and more wants met and appetites satisfied. It is, of course, the exceptional people who will invent apparatuses and institutions for the rest of us to use; such a thing as a wheelbarrow looks obvious enough now that we have grown up all our lives accustomed to the sight of it, but it took Leonardo da Vinci to invent wheelbarrows. Even he stood, as it were, on the shoulders of the forgotten greater genius who invented wheels. Forgotten, likewise, are the names of the geniuses who invented money and banking and investment and corporate enterprise; very likely these devices were invented over and over again whenever the time was right for devising them; and indeed we saw money being reinvented out of cigarettes by our boys in Europe last decade. But even the inventors of these refinements stood on the shoulders of whoever it was that invented trade and the division of labor; and the low man on the totem pole of economic history, on whose shoulders alone these geniuses could firmly stand, must have been the one to whom it first occurred to simplify and amplify his labor by inventing the first primitive tools and equipment.

This hero of the productive process was in fact the inventor of capital and presumably the first capitalist. Perhaps he spent all of one day fashioning a knife of sorts out of a piece of flint; with the result that whenever he bagged a bear with a stone, he could accomplish the job of skinning it in one day instead of two. Or possibly he spent a week hollowing out a rough canoe from a rotten tree trunk with hot embers, so that he could go offshore and catch fish instead of lying on the bank; with the result that one day's fishing would yield what used to take eight days. From all this it would have been only the shortest of steps to a situation where our hero would spend all his time fabricating flint knives or tree-trunk canoes in return for bearskins and boatloads of fish.

Always assuming that human beings are left free and uncoerced in their choice between A and B, they will decide for themselves how much of A is to exchange for how much of B, and how much of either

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of them is to exchange for how much of C. The more use they make of the market, the more speedily will they determine at what rate A will exchange for B and C and so on.

EVERYTHING THAT human beings may want — an hour's use of a uranium-miner's time, a month's use of a house, a year's use of a potato patch, the use of an automobile until it falls apart — goes on the market in exchange for everything else. In accordance with what they find market rates of exchange to be, human beings will revamp their own private schedules of priorities, whereby they rank the things they want in the order in which they want them.

Freedom works — or rather flourishes, and sprouts — whenever it is given half a chance. On a free market, ratios of exchange between marketable things — in other words, prices — find their own level, like water under the universal law of gravitation. What provides the sunshine in which market institutions flourish, and what supplies the universal law that levels prices, is nothing less than the imaginative enterprise of the businessman. He noses out, before others do, situations in which his fellow men are deprived of some convenience, some want, for which they would not be too sorry to exchange other things, and in which he could take some of these other things in exchange for the missing commodity if it could be supplied. In other words, he discovers a new way to satisfy a public demand by bringing existing resources together without wasting them. In fact he makes these resources more valuable than they were before; and the additional value is his profit. But in the very course of making his profit, our businessman is adding to the supply of his new product; and thus driving its price down and down on the free market, by way of inducing people to take more and more of it. He is also adding to the demand for things that go into the product, and thus pulling their prices up and up, by way of inducing people to give more and more of them.

IMPELLED by the market freedom of the human beings concerned, including that of the businessman to seek profit, prices find their own level, and costs and revenues converge. Indeed they execute a pincer movement on our enterprising businessman's profits, and sooner or later will squeeze them to zero. If he is wise, and has a chance to do it, he will use his profits to buy more capital equipment; for all he will get when the bloom of novelty is off his product, will be interest for his capital and wages for his

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time, at no more than prevailing rates on the market.

THE MORAL of all this is that if we simply trust to human freedom as it exhibits itself in the market economy, we shall find that all will be as well as we can expect human affairs to be. As we have just seen, the market smooths away profits in a manner that ought to delight any critic of profits. We have also noticed that the quest for profit itself, driving prices to find their own level, actually drives up costs while driving down product prices; and since essentially all costs are either costs of waiting or costs of working, it follows that on the free market, wage levels tend to increase. It used to be thought that wage levels necessarily stayed at the minimum for subsistence; but as production and prosperity grew, the thinkers had to keep redefining subsistence. Much play was made with a casual remark of that first philosopher of the free market, Professor Adam Smith, to the effect that businessmen's conversation at any party always got around to the question of keeping wage levels down. Perhaps it does, but Adam Smith didn't say that the question ever got answered. The only answer could be to gang up and hold wage levels down. But on a free market, you can't count on any gang to hold together. The most enterprising member of the gang may desert the others; or else some other enterprising businessman will pop up out of nowhere, and in his own quest for profit will offer more than the gang does. On the free market, you can count on competition to break up any combine before any government commission has a chance to get it investigated. If you investigate it closely enough, you are sure to find some obstacle to market freedom. You are very likely to find that the obstacle was put there by the law itself.

People who have scruples about the free market prevail on their legislators and rulers to play God on their behalf, because they do not trust to human freedom to serve them right. I shan't attempt to detail the ways in which we urge our governments to play Providence, since we are more or less familiar with them all and are inclined to regard most of them as regrettable; except of course, in such exceptional cases as may promise direct benefit to ourselves. It is, of course, literally only a case of playing Providence, since through the curtailment of market freedom all of us pay for such play-acting on the part of governments.

ONE IS tempted to recall here the campus wisecracks of the 1930's about godless capitalism. Advocates

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of capitalism might almost admit that their system is just as godless as mechanical engineering or the differential calculus; since, like these, it is only a method of attacking a series of problems, in this case the problems of human penury and want. However, if anyone seeks to be reassured, let him take comfort in the thought that the method of capitalism is firmly based on human freedom to choose, which is the very attribute that many regard as the divine spark itself.

The bulk, therefore, of the criticism which for many decades has been leveled by all sorts of observers against capitalism and the free market, could perhaps be more pertinently aimed at its foundation of human freedom, or rather at the propensity of all of us to misuse this freedom which some of us nevertheless regard as a divine gift. For example, we hear that capitalism glorifies human selfishness. It seems to me more to the point to say that whereas human beings indeed are selfish, capitalism provides the maximum opportunity for the individual selfishness of human beings to cancel one another out. We hear that businessmen are avaricious and rapacious types, intent always to drive the closest possible bargain; but in this we may ask whether they are fundamentally different from their bosses the consumers, unless it is merely that they are more enterprising. Then too we are told that businessmen exploit the ignorance of the consuming public, which may simply mean that the consuming public — in its lack of zeal for informing itself — leaves itself open to be exploited. Again, we come across complaints that enterprising businessmen capitalize on people's lack of taste: for example, that they make millions out of be-bop where the complaining critics, if they had the power, would benevolently surfeit the public with Bach. But surely any enterprising businessman who could sell us Bach would be equally free to make millions out of Bach; meantime, those of us who want Bach instead of be-bop can get him.

We may hear capitalism condemned on the ground that it is insecure; that it leads to dismaying booms and busts, overtime and unemployment, gluts and dearths, ups and downs in price, and demand and supply generally. One is entitled to wonder whether these are results of market freedom or of governmental attempts to interfere with it. I myself am inclined to guess, though it would be hard to prove, that on a fully free and competitive market, most changes would be gradual and gentle. I suspect that not violent ups and downs, but a steady crescendo in the supply of

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real goods for everybody belongs to the nature of capitalism.

AND NOW, what of its name? Certainly a more comprehensive and accurate name for the economic order we have been considering, is that of the free market. Among its more vocal advocates on this continent, there is much vogue for the name of "free enterprise." But this tells only part of the story, though an important part, namely, that anybody is free to become a businessman and engage in enterprise, not only in theory but in actual fact. It is not true that capitalism and the free market are on the side of the rich and powerful. They, if anything, are more apt to favor some distortion of the free market which may safeguard their riches and power from competition. In this century which the Common Man — whoever he may be — has had held up to him as his very own, he first of all should stand ready to defend capitalism as a system made to order for him. Above all, it promises him freedom to transform himself, if he can, into something else less common. The less fortunate under capitalism would do well to respect the system that has made others prosperous in their service, the system that justifies Abraham Lincoln's remark that where one man is rich today it only means that the next man may become rich tomorrow.

THREE YEARS ago, during a discussion of the price of a steelworker's time, such as is natural in connection with any price on any free market, President Fairless of U. S. Steel reminded that company's production men that a system existed whereby, at no greater cost than that of a medium priced automobile, they could among them buy the company out and control it for themselves. That system, he pointed out, is capitalism.

Reprints of this article available at 10 for $1.00.

Is Labor A Commodity?

The laborer is not a commodity, but the service he renders cannot escape economic law. That means quite simply that if the service is made artificially costly, then just like anything else, customers will buy less of it than otherwise. Labor, like anything else, can price itself out of its market, if given monopoly status.

BRADFORD B. SMITH, "Controlled vs. Uncontrolled Economy"

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Principles Are Inflexible

Herbert Spencer

MAKE A HOLE through a principle to admit a solitary exception, and, on one pretence or other, exceptions will by and by be thrust through after it, as to render the principle utterly good for nothing. In fact, if its consequences are closely traced, this same plea for license in special cases turns out to be the source of nearly all the evils that afflict us. . . .

When Philip of Valois swore the officers of his mint to conceal the debasement of the coinage, and to endeavour to make the merchants believe that the gold and silver pieces were of full value, he thought that although perhaps unprincipled, such a measure would be vastly profitable. And so no doubt believed the other kings, who, in the "good old times," almost universally did the like. They overreached themselves, however, as all such schemers do. It is true that their debts were diminished "in proportion to the reduction in the value of the currency; but their revenues were at the same time reduced in the like ratio. Moreover, the loss of their reputation for honesty made them afterwards unable to borrow money, except at proportionately high rates of interest, to cover the risk ran by the lender." So that they not only lost on the creditor side of their accounts what they gained on the debtor side, but put themselves at a great disadvantage for the future. . . .

Protected trades, too, have afforded many proofs of the impolicy of injustice. . . . Under the now happily exploded plea of protection to native industry, the silk manufacturers were freed from all foreign competition. Their prices were thus artificially raised, and all the nation was compelled to buy of them. And so, having a large market and profits, they thought their prosperity ensured. They were doomed to disappointment, however. Instead of a brisk and extensive trade, they obtained a languishing and confined one; and that branch of manufacture, which was to have been a pattern of commercial greatness, became a byword for whining poverty. How utterly absurd, under such a lamentable state of things, must have appeared the proposal to return to-

Extracted from *Social Statics*. New York: D. Appleton and Company, 1865.

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ward equitable dealing by lowering the duties! What "impracticables" must those men have been thought, who, because monopoly was unjust, wished to expose the almost ruined manufacturers to the additional difficulty of foreign competition! Could any thing be more contrary to common sense? Here surely was a case in which "abstract principles" must give way to "policy." No: even here, too, obedience to the moral law proved to be the best. Rebellion against it had been punished by accumulated distresses: a partial submission was rewarded by an increase of prosperity. Within fourteen years from the date at which duties were lowered, the trade had more than doubled itself — had increased more within that period than during the preceding century. And those who, but a short time before, were unable to meet their French compeers in the home-markets, not only began to compete with them in the marts of other nations, but to send large quantities of goods to France itself.

If "what most people want" is one's criterion of value, then there is no problem involved beyond ascertaining what in fact people do want — a question that can indeed be answered by science, but why should one want what most people want? The very contrary would seem to be the case: those who have taught us what we know about ethics . . . have usually wanted precisely what most people of their time did not want.

DWIGHT MACDONALD, "The Root Is Man"

One special form of cowardice or, at least, of moral laziness is particularly widespread, since it often appears in free countries: the tendency to concede, with a pretense of philosophic thinking, that "the world is moving toward" this, that, or the other thing.

No one questions that the world is always moving toward new forms and new transformations: economic transformations, religious transformations, technical transformations; and there is no harm in trying to foresee, for example, whether the economic future will be Communistic or one of free competition. Where moral cowardice begins is in the acceptance of any one of these prophecies in order to spare oneself any effort of will or thought, in a hypocritical admission that one is obeying a "historic necessity," thereby escaping the moral necessity that conscience imposes on us. . . .

What counts is not to know toward what the world is going, but to know toward what each one of us is going. In a world passing through a less fateful crisis than ours, Mazzini said to the Italians. "You will not create better conditions unless you yourselves become better . . ."

COUNT CARLO SFORZA, "Contemporary Italy"

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Grand Street Never Dies

Frank Chodorov

Any mortal bearing The Truth may be right,
but it is best to be cautious and skeptical

Too BAD you never knew the Grand Street "coffee saloon"; it was quite an institution before World War I. The coffee served was mostly milk — or it might be tea with lemon, served in a glass — but the chunk of sponge cake which came with it was quite liberal and filling. The cost was a dime, and thrown in free gratis, whether you liked it or not, was a dissertation on Truth. You always got it, in polysyllabic dosage, from some co-customer who had established himself as the Custodian of Truth in this particular "coffee saloon."

Grand Street, on New York's Lower East Side, was no mere thoroughfare; it was the symbol of an era. Before Tovarisch Lenin had himself boxcarred into dictatorship *over* the proletariat, and thence into mummified immortality, Grand Street typified the eternal search for the Absolute — the Holy Grail containing the positive specific of the Good Society. In one "coffee saloon" the Sir Galahad of dialectical materialism would dilate on its inevitability to those who were already convinced of it, while next door a Knight of Kropotkin would diagnose the case for "direct action." Each eating place had its own philosophy — which was the Only Truth in every case — giving the impression that the philosophy and not the food was its stock in trade.

Characteristic of the Grand Street era was the certainty of each protagonist that only his doctrine was on the side of the angels, that all others were frauds, to say the least. Objectivity was looked down upon as a weakness of character, and questioning was regarded as a manifest expression of innate sinfulness. All of which gave life exhilaration and charm. People who are sure of themselves — downright sure — are always exciting. It is only when they abandon argument and proceed to "do something about it" that they become dull. In the Grand Street days, there was a lot of talk about action; but you got the impression

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that for these delightful exponents of Truth, action would be the most distasteful thing in the world. They enjoyed talking too much. Action does to a philosophy what a kitchen does to a beautiful woman, and then there is nothing to talk about. Action ruined Grand Street.

EVERY DOCTRINAIRE dreams of "doing something about it" — of demonstrating his Truth in the field of human affairs. If only he could try it out! There is no question that the Good Society is guaranteed by his mosaic of words, for he has checked and cross-checked it at every point and nowhere has he found a logical leak. It must work. It is Truth. The obstinacy of selfish, ignorant, and sinful people who deny it is all that stands between the cure-all and the sick world.

Well, something was done about it in Moscow. To be historically exact, Grand Street, the era of dreams and discussion, was murdered on the battlefields of World War I; for there was nothing to palaver about after the Brest-Litovsk Treaty. The time for action had come. Truth would now prove itself.

Thirty-eight years of experience have somewhat diluted the Truth according to Marx; the promise of Grand Street has not been fulfilled, for Moscow seems to have fallen short of the expected Eden. Evidently there was a flaw in the mosaic.

When we go back over the argument, applying the Moscow experience to it, we find that the neglected and defective element in it is the Human Being. The basic assumption of the Moscow Truth is that the Human Being is absolutely and indefinitely malleable. There is nothing in him that can resist the force of environmental influences. When he is fitted into the Ideal Mold, the institutional pattern of Truth, he will come out the Ideal Man. He is the putty, not the sculptor.

From this assumption follows another, which is never expressed but always implied. And that is that some Sculptor of Society is needed. Who shall fill the bill? Quite obviously, one whose capacity for understanding Truth automatically raises him above the level of Human Being. He is something special, endowed with gifts that are denied the run-of-the-mill anthropoid, picked by nature to do the work of Truth. His anointment both qualifies him and places upon him the obligation to "do something about it."

THESE TWO assumptions, absolutely necessary to make the Truth stand up, tend to show up its deficiency when put to the test. At

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Moscow, the Absolute Truth met its comeuppance simply because the Sculptors did not measure up to the assumption of infallibility, while the Human Being denied the assumption as to his plasticity.

The Sculptors themselves proved to be incapable of shedding the inadequacies which the Human Being was supposed to shed in the ideal environment chiseled out by the Sculptors. They themselves demanded special privileges and advantages over their fellow men, including their fellow Sculptors. So did the Human Being! He was not malleable to the decrees and edicts of the Sculptors, at least not in his inclination to hold on to what he produced. The Human Being proved it by lying down on the job when his claim to property was denied. And the Sculptors lost all their lofty pretensions simply because their resignation from the human race was not accepted. They too were Human Beings, after all.

THE SPIRIT of Grand Street lingered on after World War I, even though sickish and apologetic, and kept crackling that "something ought to be done about it." Between wars, the Truth underwent some alterations, in the light of its European experience; and its perfection was undertaken by the intellectuals — including many college professors. Statistics replaced coffee-and-cake. But the intellectuals held onto the two assumptions that had defied Truth; that was necessary, for if it is recognized for a moment that the Human Being is endowed with implacable instincts, or that the oracles of the Good Society may be in error, how can one make "progress"?

After World War II, when the consequent confusion gave them the opportunity to "do something about it," the Park Avenue successors to Grand Street set up their refurbished versions of Truth in London and Washington. For the selfsame reason that Truth failed in Moscow, Rome, and Berlin, it is proving itself quite fallible in a "democratic" locale. Far from bringing about the Good Society, it is again turning out to be a pattern for disharmony. Even its advocates admit by constant revision that it is not what it is cracked up to be in the erudite "Grand Streets."

But the spirit of Grand Street is eternal; it never dies. For it is man's treadmill search for the key to happiness, his yearning for the monistic principle of the good life. Every one of us, deep down, is certain that the "mess we are in" could be cleaned up with one application of the Perfect Formula, and so anxious are we to get at it that a good peddler has only to buttonhole us at the propitious moment to

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make a sale. We are suckers for the Infallible.

Seeing how the market is never oversold, this writer, a confessed Ancient Mariner, comes at you with, believe it or not, the Truth and nothing but the Truth. It is all wool and a yard wide and carries the money-back-if-not-satisfied guarantee. It is called — Freedom. Now counterfeiters have helped themselves to this label only too often; and since you have been fooled before, you may be inclined to pass my booth with a sneer. However, if you will but listen to a short sales talk, a hundred or so words, you will realize that my elixir is genuine and entirely different from the ersatz you have tried.

FIRST, I am compelled to violate the first principle of good salesmanship; I must talk about my competitors' products, by way of contrast. Take them all down the line — socialism, anarchism, communism, single tax, prohibition, monetary reforms, controlled economics, ad nauseam — and you find a common essential ingredient: Political Power. In that respect they are all alike; not one of them can stand on its own feet; not one can work without a law. When their proponents say, "Let's do something about it," they mean, "Let's get hold of the political machinery so that we can do something to somebody else." And that somebody else is invariably you.

Freedom makes concessions to the law, as a matter of necessity, but always with the reluctance of a child taking castor oil. It should be obvious that a free society is one in which the law concerns itself with minimizing the interferences of men in one another's affairs, and never presumes to intervene in their daily lives; which stamps Freedom as quite unlike the various reforms that are being peddled on any "Grand Street." Every one of them is labeled with "legal directions for taking," while Freedom is not even bottled.

Freedom is essentially a condition of inequality, not equality. It recognizes as a fact of nature the structural differences inherent in man — in temperament, character, and capacity—and it respects those differences. We are not alike and no law can make us so. Parenthetically, what a stale and uninteresting world this would be if perfect equality prevailed! When you seek the taproot of reform movements, you find an urgency to eradicate these innate differences and to make all men equal; in practice, this means the leveling-off of the more capable to the mediocrity of the average. That is not Freedom.

WE MUST NOT, however, be too hard on the spirit of reform; for

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the impulse of reform usually is to root out envy, cupidity, and ignorance. But experience has shown that the law is ineffective in that purpose; that the law is in fact the instrument by which these evils are frequently imposed upon everyone within a society.

The necessary reforms will come of themselves, automatically, when we learn to assume the responsibility for our own behavior. That is Freedom. Then we will ask no favors and seek no advantages over our neighbors. We will get along with the capacities with which nature has endowed us and make the best of it. In the final analysis, Freedom is an individual experience.

Welfare State And The Eskimos

A few years back, a story came out of Florida which related the difficulties the seagulls around one of the shrimping towns were having.

It was reported that the shrimp boats had stopped going to that particular port and the seagulls were in a bad way because there were no more discarded shrimp to feed upon. The older gulls had forgotten how to forage for themselves and the younger gulls had never learned, so all of them were starving.

This story was widely used as an illustration of the dangers of the welfare state, and some commentators even said that it proved that all social welfare was bad.

Possibly it was only an allegory. But it can happen to people, as our Mr. McKenna tells us from Ottawa in his report of the effect of the welfare state programs on the Eskimos. There aren't any fables in his story.

The fact showed that the Eskimos aren't hunting seals or fishing like they used to. They are eating flapjacks now instead of the meat and oils of their catches which gave them the proteins and vitamins they needed. So their resistance has been lowered, and they are more susceptible to diseases they pick up from the white man at the trading posts where they get their government payments. And they are dying off. The 1941 census — taken before welfare handouts began — showed 13,000 Eskimos living in the Canadian Arctic. The 1951 census showed only 8,000.

A government report admits: "The cumulative effect of government aid such as family allowances and old age and blind pensions has made the Eskimos aware of the fact that they now have two sources of income. Their independence has been weakened in some areas by the knowledge that government agencies will come to their assistance and that there is little need to take the risks of obtaining the produce of the land."

Editorial, THE WALL STREET JOURNAL, December 2, 1952

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A Horse, A Stag, And Liberty

Aesop & Horace

Aesop said:

"A horse and a stag, feeding together in a rich meadow, began fighting over which should have the best grass. The stag with his sharp horns got the better of the horse. So the horse asked the help of man. And man agreed, but suggested that his help might be more effective if he were permitted to ride the horse and guide him as he thought best. So the horse permitted man to put a saddle on his back and a bridle on his head. Thus they drove the stag from the meadow. But when the horse asked man to remove the bridle and saddle and set him free, man answered: 'I never before knew what a useful drudge you are. And now that I have found what you are good for, you may rest assured that I will keep you to it.' "

The philosopher and poet, Horace, said of this fable:

"This is the case of him, who, dreading poverty, parts with that invaluable jewel, Liberty; like a wretch as he is, he will be always subject to a tyrant of some sort or other, and be a slave for ever; because his avaricious spirit knew not how to be contented with that moderate competency, which he might have possessed independent of all the world."

Samuel Croxall's *Fables*. London, 1813.

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Legislated Security Is Bondage

Samuel Gompers

The "grand old man" of labor — president of the AFL, 1886-1924 — warned his union members to look behind the humanitarian slogans used by the advocates of government-guaranteed security

THERE HAS never yet come down from any government any substantial improvement in the conditions of the masses of the people, unless it found its own initiative in the mind, the heart, and the courage of the people. Take from the people of our country the source of initiative and the opportunity to aspire and to struggle in order that that aspiration may become a reality, and though you couch your action in any sympathetic terms, it will fail of its purpose and be the undoing of the vital forces that go to make up a virile people. Look over all the world where you will, and see those governments where the features of compulsory benevolence have been established, and you will find the initiative taken from the hearts of the people.

Social insurance cannot even undertake to remove or prevent poverty. It is not fundamental and does not get at the causes of social injustice.

The first step in establishing compulsory social insurance is to divide people into groups, those eligible for benefits and those considered capable of caring for themselves. The division is based upon earning capacity. This governmental regulation must tend to fix the citizens of the country into classes, and a long-established insurance system would tend to make those classes rigid.

Governmental power grows upon that on which it feeds. Give an agency power, and it at once tries to reach out after more. Its effectiveness depends upon increasing power.

RECENTLY a gentleman of the highest standing stated to me that during the time he was in Germany, and in a position to know, German workmen came to him seeking aid to get out of that country to the United States. They told him that by reason of the taxes

Excerpts from an address, December 5, 1916.

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which they were compelled to pay into compulsory social insurance schemes, they had no money left except for absolute necessities of life, and were unable to secure sufficient funds to come to the United States even in the steerage. He said to me further that in Germany, where compulsory social insurance has been more extensively worked out than in any other country, the workmen of that country, by reason of their property interests in compulsory social insurance, have been compelled to remain in Germany and work under circumstances, wages, hours, and conditions of employment which forced them to endure conditions below standards of a living wage.

Is it not discernible that the payments required of workmen for this compulsory social insurance interfere very materially with mobility of labor, and constitute a very effectual barrier to the workers determining their whole lives?

Industrial freedom exists only when and where wage earners have complete control over their labor power. To delegate control over their labor power to an outside agency takes away from the economic power of those wage earners and creates another agency for power. Whoever has control of this new agency acquires some degree of control over the worker. There is nothing to guarantee control over that agency to employees. It may also be controlled by employers. In other words, giving the government control over industrial relations creates a fulcrum which means great power for an unknown user.

THE INTRODUCTION of compulsory social insurance in cases of sickness, or compulsory social insurance in cases of unemployment, means that the workers must be subject to examinations, investigations, regulations, and limitations. Their activities must be regulated in accordance with the standards set by governmental agencies. To that we shall not stand idly by and give our assent.

Men and women, I trust I may not be sounding my warnings upon the empty air. I hope that they may find a lodgment in the minds and the hearts of my countrymen. I bid you have a care in all these attempts to regulate the personal relations and the normal personal activities of the citizenship of our country ere it be too late.

There is in the minds of many an absence of understanding of the fundamental essentials of freedom. They talk freedom, and yet would have bound upon their wrists the gyves that would tie them to everlasting bondage. And no matter how sympathetic or humanitarian is the gloss over the plan and the

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scheme, I again bid you beware. We know not when or how this great struggle going on in Europe will terminate, or what it shall mean for the future of those countries; but at least let the people of the United States hold their liberties in their own hands, for it may come to pass that our America, the America whose institutions and ideals we so much revere, may be the one nation to hold the beacon light of freedom aloft, and thus aid in relighting the torch, rekindling the heart flame of the world's liberty.

For a mess of pottage, under the pretense of compulsory social insurance, let us not voluntarily surrender the fundamental principles of liberty and freedom, the hope of the Republic of the United States, the leader and teacher to the world of the significance of this great anthem chorus of humanity — liberty!

The American Dream

Essential to a successful labor party is a well-developed class consciousness, a unity of purpose among the laborers. Now if it is possible — or what is more important, if the laborer himself thinks it is — to climb to a higher economic level, he will not want to unite with the members of his present class to wage political warfare against the other classes. The American laborer is quite apt to find no fault with the capitalist as such for the very good reason that he dreams of becoming a capitalist himself sometime. It is only when he has resigned himself to permanent membership in his own class that he is able to feel class consciousness.

CUMMINS AND DE VYVER, "The Labor Problem In The United States"

But in fact, they thought, virtue is not advanced by written laws but by the habits of every-day life; for the majority of men tend to assimilate the manners and morals amid which they have been reared. Furthermore, they held that where there is a multitude of specific laws, it is a sign that the state is badly governed; for it is in the attempt to build up dikes against the spread of crime that men in such a state feel constrained to multiply the laws. Those who are rightly governed, on the other hand, do not need to fill their porticoes with written statutes, but only to cherish justice in their souls; for it is not by legislation, but by morals, that states are well directed, since men who are badly reared will venture to transgress even laws which are drawn up with minute exactness, whereas those who are well brought up will be willing to respect even a simple code.

ISOCRATES, "Areopagiticus" (Circa 355 B.C.)

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The Issue Of Our Time

William J. Palmer

A world-wide war of ideas is being fought today between two types of capitalism: control by government versus control by individual owners. The freedom of men's minds, as well as future material progress, rests on the outcome.

SOME TIME, far, far away in the unsearchable distances of time, a being that moved upon the earth awoke one morning to be the first terrestrial capitalist. He had not consumed, destroyed, discarded, or abandoned all the gains of his yesterday's activities. He had attained, if only instinctively, a sense of the future; and he held possession of something which, he felt, would be of value to him, utilitarian or pleasurable. He had discovered the thing that he held, or had captured it, struggled for it, or himself had fashioned it entirely or in part; and he had a feeling that the thing belonged to him, that it was his, now a part of his total self. It may have been a nest, a hole in the ground, a cave; it may have been food, feathers, bones, or a hide; it may have been a stone, a stick, or a club. Whatever it was, it was a start against future time; to this extent his past efforts had been consolidated; he had something with which to start the new day, something for which he would not have to grub in this new interval of awareness. And, hence, he could direct his attention to other activities; or he might choose a compensating leisure.

From that day to this, the essential and simple nature of capitalism has not changed. It is still waking in the morning and finding that you have something with which to start the new day; something that belongs to you and into which your past labors have been consolidated; something that you did not expend, consume, waste, or gamble away; something that makes it not necessary for you to spend this day moiling for raiment to wear, or for food, or for shelter for the storm or the coming night. Your clothing is ready for you; your breakfast is

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in the refrigerator and on the shelves; your car is in the garage; the streets have been paved; an office with its desk, files, books, and equipment or a plant or shop with its machinery and tools awaits you; your children are taken to school by bus, streetcar, bicycle, or private car; a building with desks, books, blackboards, and all necessary equipment is housing them comfortably in the pursuit of education. The day moves by, your office is closed, your tools laid down, and thanks to a thousand items of capital in stores and at home, your wife, although busy at P.T.A., club, or church through the afternoon, spreads a wholesome and appetizing dinner before you. Your lounging chair, your pipe, push-button electricity, thermostatically-controlled furnace, newspaper, radio, television, phonograph, books, cards combine to offer an evening of recreation or enlightenment as you choose. And then to bed: an inner spring or foam-rubber mattress, clean sheets, a soft pillow, warm coverings, and, if needed, an electric blanket!

All this is capitalism, and all this is all there is to capitalism in its essential nature.

To ANY adult person of average mental stature these facts must be clear:

1. Capitalism is the natural and necessary incident of the evolution of mind; it is the vehicle of and almost a synonym for progress; it is as necessary to a civilization of any level or quality as oxygen is to human life.

2. The ideal economic goal of any aspiring society is a state of general advancement wherein the greatest possible number of persons are individual capitalists; and the capital that each can call his own is such as to sustain a reasonable pride in personal achievement and to provide gratification, comfort, confidence, and a basis for security.

3. No progress toward that goal can be made by socialism. Its doctrinal essence calls for destroying the individual capitalist, except only in a restricted and always-controlled degree, and for destroying his opportunities. Not confessedly, but by logic and experience, it leads to the atrophy of those faculties of independent initiative, self-confidence, self-reliance, imagination, and daring, of the drive of ambition for personal achievement, of the competitive spirit and of the will for voluntary self-directed discipline — all factors in the making of individual capitalists.

4. Manifestly the goal cannot be achieved by government. Wise government, of course, is vital in curbing the libertine and providing the protections necessary for individ-

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ual development and attainment. Obviously also, government, in varied ways, either can encourage and promote personal economic accomplishments or can discourage, retard, and obstruct them.

5. The ideal economic goal can be achieved only by individuals themselves and hence can be drawn closer only by those factors that improve the quality of individuals.

A WORLD-WIDE, fateful war is being fought today between two types of capitalism. At stake in that conflict are not only the earth's capital assets but also the freedom of men's minds. One of the protagonists, which loosely is called communism, in its aggressive campaign to entice and subjugate the human mind, has an expedient in its own fanatical self-deceptions and in its unrestrained approval of beguilement by designed fraud.

THE FIRST self-deception and fraud of communism resides in the premise that it has something which is not capitalism to substitute for capitalism. Clearly there is no substitute for capitalism except to climb into the time machine, push the button for reverse, and travel back through millions of years to a time when no animal on earth had a non-transient nest, shelter, "home" of any sort, tool, weapon, or cached food. What communism does is to install, with the support of armed might, the worst kind of capitalism, i.e., monopolistic and gangster, as distinguished from the best kind, the kind which is competitive and open. Capitalism is open when no law or custom bars anyone of any level of society from joining the ranks of the capitalists.

In the comparatively open capitalism of the United States, each person's opportunity is measured by his own personality, ability, aptitudes, health, ambition, industry, integrity, imagination, and daring; and, in all frankness, let us add the "breaks" of the game. They certainly often and perhaps usually go to those who make them, and they have no significance except as they go to those who are qualified to take advantage of them.

We are told now and then that a "concentration of wealth" exists among a small percentage of families in the United States. We have in our country, too, as they have in all countries, a concentration of intelligence, culture, talent, knowledge, and leadership. In any regime providing free opportunity, a small percentage will rise to the top. This fact does no social injury if the way is kept open for all persons to strive toward the top and for each to go as far as he can. Indeed, it is the law of progress that a few individuals first must go to the top, to demonstrate the possibilities and

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opportunities, to show the way, and to help others to follow.

COMPETITIVE and open capitalism leads to a diffusion of capital which is both impossible and inconceivable under the monopolistic capitalism of the socialist.

In 1952, of all family units in the United States, 82.3 per cent owned life insurance, 52.8 per cent owned savings accounts, 90.7 per cent owned one or more of nine favorite forms of solid investment, not counting the owners of real estate. Millions of our people own real estate. Six and a half million people owned the shares of stock in 5,000 corporations. Among these family-unit shareholders, 200,000 received annual incomes of less than $2,000.* But in 1952, we had not merely 5,000 business and industrial units in the United States; the average number of operating businesses through that year exceeded 4,000,000, representing, no doubt, many times that number of owners.

Shortly we shall see who owns the capital assets under a communist regime.

THE SECOND self-deception and fraud of communism derives from its foundational premise that the people as a whole, or the proletariat, *can* and shall own the capital and economic processes of a country.

The words "own," "belong," and "ownership" are only words. They do, of course, denote a concept to most of us, and that concept is quite well defined in the California Civil Code, section 654:

"The ownership of a thing is the right of one or more persons to possess and use it to the exclusion of others."

It is clear that public ownership, even in its best sense, is a different concept; for no one would contend that public ownership is the right of all of us actually to possess and use a property. Neither would any thoughtful person contend that the mere fact of property standing of record in a government's name makes all of us in reality the owners of it by any concept of ownership that we understand. The few officials who at any given time have control of public property come closest to its ownership in a practical sense which conforms to our concepts of possession and management. Plainly the people as a whole cannot have the control and management of any item of property; nor can they have possession of it, in the sense that individuals singly or jointly can possess property.

In practice the professed communizer is compelled by elemental facts beyond his control either to

*"Who Owns Business?" in *Fortune* 46: 87. September, 1952.

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negate entirely his theory of common ownership or to compromise it. Regardless of beginning sincerity, the tendency, which may be irresistible, always is toward the former course.

LET US compare the kind of ownership actually effected by a communistic regime and that exemplified by a typical American corporation. Under communism, a nation's capital assets are in the absolute control of a handful of individuals over whom the people have no control. This same small group control the lawmaking, courts, and all means and avenues of public communication, information, and education. They also control the ubiquitous secret police. Having no competition, and no watchdogs over them, and having and exercising power to stifle brutally any criticism or nonconforming expression, they can be grossly inefficient, as compared with good private management, without the public knowing the facts or the cause, or being able to do anything about the matter. Their prime object at all times is to maintain their own position and their own power. At this they are cunning, cruel and relentless. These few actually own the nation's capital assets, and they do with those assets as they please. They are capitalists of fabulous magnitude. They, of course, do not please to dangerously defy or ignore the goodwill of the people. In spite of all their power, they, too, hunger for plaudits, and they harbor continual fear. As Elbert Hubbard once said, "there is no freedom on earth or in any star for those who deny freedom to others." But without any independent vehicle of information and without any factor of control, the people must accept without audible or visible complaint what they receive from the tyrant-capitalists of communism.

A CERTAIN typical American corporation has about 200,000 stockholders, no one of whom owns as much as one per cent of the stock. At least once a year, every stockholder has a right to vote for the directors; and he does not even have to be present at a meeting to cast his vote. He may vote by proxy. The voting is voluntary and the counting is honest. Special meetings may be called on notice. The stockholder can sell his interest in the corporation or otherwise deal with it at any time he wishes. It is identifiable, precise, and immediately valuable to him. He has a right to inspect the books of the corporation at any reasonable time. Any question he may put to the management about the business will be honestly answered and with reasonable promptness. To

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him the directors are legally responsible in the most enlightened moral sense, and they carry that responsibility seriously. They pay him regularly his pro rata share of distributable net income. Their books and financial records are watched over by certain of the ablest certified public accountants, whose professional ideals and obligations require their conscientious efforts in the keeping of honest records and the making of accurate reports. The corporation has competition. It does not control the government although it pays taxes to support all governmental activities. Of necessity, the business is genuinely dedicated to the public welfare because its profits and its continued existence depend on such dedication. The management-personnel and the directors have been chosen not because they belong to a clique, a gang, a party, or a conspiracy, but because of proved ability and character.

Two hundred thousand regular American citizens really own the assets of this corporation, and each actually owns and can deal with his own share; and, what is more, anyone else, no matter who he is, if he has or can save a little money to invest, can become a part owner, too.

In the typical, successful American corporation, democracy has attained its finest and most convincing expression. Compared with it, the communist concept and practice of ownership are such a dissolute sham that even the past in human history would be ashamed to acknowledge a prototype.

In the communist ideology, the ownership by the proletariat of all the economic processes is a theoretical necessity. It is postulated that only by such ownership can the workers receive the total return from their labor; that they then do not have to share any of the return with stockholders and other proprietors who are a nonproductive class riding on the backs of the proletarian workers.

Howsoever plausible this doctrine may seem to the gullible, any dialectical validity indicated by it fails completely of substantiation in the actual operation of the socialist regime. In the acceptance and advocacy of the foregoing theories resides the third self-deception and fraud of socialism. Before confronting the reasons for the certain failure of the theories, let it be noted by contrast that the real ownership of their own business by workers is an old idea and actuality under open and competitive capitalism such as exists, however imperfectly, in the United States. Here the hope and effort of freedom-loving, clear-sighted citizens ever has been that we might be free of laws, customs, or insurmount-

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able difficulties which would bar workers of ability, imagination, and good character from establishing, owning, and conducting their own business.

According to the Statistical Abstract of the United States, there were in this country in 1950 over 9,500,000 self-employed workers. By their own free choice, these persons owned the businesses in which they worked, and they received all the profits.

THE SOCIALIST tenet that the workers can receive all that they produce under socialism and, hence, will receive more than workers under competitive capitalism, promptly runs into an impasse when socialists take over. Workers under socialism — monopolistic capitalism — have to be paid a wage to live, just as workers are paid a wage under the competitive capitalism of our country. A difference does exist: The wage is much greater in the latter case. If the worker is to have a share of profits above his wage, profits must be made. But profits are taboo under socialism. They are the supreme evil that socialists propose to end. If any profits were made in one business or industry, to be divided among its workers, those profits would have to be paid by other workers; and thus the sole purpose of socialism would be defeated. So the worker under socialism receives the wage arbitrarily fixed by the rulers, and no more.

GOOD REASONS exist why the few fabulous capitalists who own all the economic processes under communism do not pay higher wages than they do: (1) One reason is that even they must have capital assets — buildings, machinery, tools, etc. — and these must be paid for, maintained, and replaced in one way or another except insofar as they are stolen. Communists do seem to have an initial advantage in their doctrine of theft. Force is an essential part of their creed, not merely to gain control of government, but to effect the theft of the people's property. This method saves capital investment as they see it. The advantage, however, if it is such, is short-lived. Depreciation and obsolescence respect neither theories nor tyrants. Of greater significance is the fact that the unmoral atmosphere and principle of theft, with the concomitant faith in dishonesty, cunning, compulsion, and terror are definite deterrents to efficiency, economy, and zeal in operation and production. And no permanent scheme ever has been devised whereby more can be divided among workers than they have produced.

(2) No Utopian theory alters the fact that the cost of labor is one of

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the major costs of any operation in the economic field. Whether or not the despot-capitalists of communism have a profit-motive, they do have the motive of saving their own necks and their power; they live under the continual fear inherent in the psyche of the tyrant; and, forever fearing the ill will of their subjects, they have an incentive to hold down production costs, and hence labor costs, in each particular industry, lest for its products or services workers in other fields must pay disproportionately. Their ideology provides no escape from the difficult, practical problem of balancing what is paid to labor at one point and what is paid to it at another. Neither do their theories alter the fact that the economic effort in which active persons are engaged under any regime is the effort for each to trade his own labor for as much of the labor of other persons as he can obtain.

(3) The worker of the communist oligarchy cannot eat military equipment or find in it shelter or raiment for his everyday needs. No power exists to curb the will of his overlords to divert into the makings of war a substantial part of the worker's effort and production. The licentious exercise of that will is a certain incident of the despot's fear. Neither do the workers of the communist state have any means of restraining their masters from diverting into the sumptuous provision and living of those masters and their courtiers as much of the workers' labor as the despots choose to appropriate.

NOW LET us take a look at the anathema of socialism, the stockholder under open and competitive capitalism. His investment, derived usually from his own industry, thrift, and savings, is hazarded. Indeed, the stockholder carries all the risk of the business adventure. None of that risk burdens the employee, unless he also is a stockholder, in which case his risk is as a stockholder, not as an employee. None of the risk is carried by government although, as we shall see, government receives a large part of the profits. This venturing stockholder is not promised the return of his capital or even any sum for its use, except conditionally, the condition being a profitable operation. He takes his risk, knowing that millions of stockholders have lost. No dividend that ever will be paid him will be charged as an expense of doing business. Labor must be paid, taxes must be paid, all other costs must be paid before the stockholder reaches the river of some return. One of the most flagrant of all the fallacies of socialism is that stockholders constitute a class separate and apart from the rest of society. Let us grant that

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some of them are not engaged in what the communist would call a productive activity.* It does not follow, however, that such stockholders are useless members of society or that their dividends, if any, do not benefit society. Quite the contrary is likely to be true. Many stockholders are regular daily workers. They use their stock investments to build up an educational fund for children, a reserve for illness or other misfortune, a source of security in old age, or a capital asset for any opportunity or need that may come their way. Many stockholders or their beneficiaries are schools, colleges, foundations, and institutions for various kinds of constructive and benevolent activity. Many of them are habitual investors in launching new enterprises or extending old ones, to provide employment and to serve society with new products or conveniences. Many of them are elderly people whose dividends from their past labor and thrift are their sole support in the sunset years, and who proudly receive no support from government. Many are widows, maintained by dividends from the prudent investments of husbands now deceased. Many of them are business institutions using the dividends to pay regular monthly retirement allowances or disability benefits to former employees. No dreamer of Utopian dreams ever devised a more certain, healthier, socially-beneficial method of caring for the widow and the elderly, of maintaining private educational and other cultural institutions, and of financing charitable activities, than dividends.

THE EXISTENCE of stockholders has an incalculable effect upon the efficiency and economy of business management. Directors, officers, executives know all that has been written here and more about stockholders. They are aware of all that depends upon their management. Unlike the few supreme overlords of totalitarian capitalism, officers of American corporations are servants of a fair, intelligent, and reasonable master, the stockholder. To that employer, the managers, with rare exception, account for their stewardship in accord with the finest traditions of honor and of trust responsibility.

We need to note another fact to appreciate the amazing contribution of the stockholder to our economic well-being. Before me are data concerning three typical American corporations. The data reached my files in a random way and without any selection. The reports could be thrown away, and any of numerous substitutes could be

*Neither are millions of persons in any communist hierarchy.

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used to tell a similar story. In the goods and services alone which they economically provide society, these three corporations are institutions of inestimable social value. But look! In a recent, unexceptional calendar year, one of the corporations paid taxes in a sum equivalent to $5.50 a share of its common stock; but it paid to its stockholders dividends of only $2.00 a share. Another paid to the federal government alone taxes equivalent to $6.77 a share of common stock, a sum two-and-a-half times greater than the dividend paid! The third company's local, state, and federal taxes amounted to two-and-a-half times the dividends paid on common stock.

So this is our American stockholder, the man or woman who takes all the risks of business, prepared in spirit and fortitude to suffer its losses, providing all the buildings, machinery, and tools for the workers, paying them the best wages in the world, and delivering over to government, which has carried no risk and no responsibility, for the use of all the people, two-and-a-half times as much a share as the stockholder himself receives. And he, too, pays additional taxes on what he receives!

A FOURTH self-deception and fraud of the socialist comes from the hypothesis that a handful of planners in control of a nation's economic processes can plan and handle those processes to better advantage for the people than the people can if free to use their own resources and resourcefulness, their own inventiveness and genius, and to direct their own energies to the supplying of their own and others' needs and wants.

Experience has given reasonable minds consistent, persistent, and altogether adequate proof of the delusive quality of this Utopian dream. In American history we had an early lesson in the falsity of the hypothesis. One significant reason why the English colonies made greater economic progress than the French was that the former had more independence of initiative and action in economic affairs and fewer directives and restraints from the planners at home.

But if trial and experience had not proved convincingly the falsity of the hypothesis, its error would be clearly indicated by known natural facts. Nature does not concentrate her resources into the possession of any few entities. Billions of stars and millions of galaxies are in her heavens; on earth, the variety of her creation, in relation to any person's knowledge, is infinite; among human beings, aptitudes and capacities are so widely distributed that no one can foretell where talent, extraordinary ability,

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or genius will crop out. In this fact lies the second most cogent, practical justification for freedom. The first lies simply in the spirit of the individual man, which no other person has authority to dominate, and in the inalienable rights that derive from that fact. Men must be free if society is to receive what nature intends that it shall have and what she is prepared to give. No handful of dictatorial planners can even conceive more than the tiniest fraction of the varied contributions that people, if free, could and would make to cultural and economic advancement and to varied utilitarian values in their society. This would be true even if the dictator-planners were persons of extraordinary wisdom, intellectual fertility, character, and understanding. But they never so qualify. The world has seen a few good absolute monarchs, but none of them, in his wisdom, ever undertook what the absolutists of communism presume to do. Only little men profess to know enough to run everyone's business.

It is that little man, at times definitely psychopathic, who, having been given or having acquired in some way a ruling authority, becomes the arbitrary planner for a nation's economic activities. It is that little man, sometimes a madman, who, in his fear, surrounds himself with a labyrinthine army of secret police, closes all the channels of free information, discussion and education, and confiscates much of the energies of his subjects to bulwark himself and his coconspirators with Cyclopean armament not needed for any honest or constructive purpose. It is that little man always behind the promulgation of an ideology that makes the individual only a pawn and a helot of a mythical god called "the state," a premise derived from either a profound ignorance or a licentious lust for power.

By CONTRAST, competitive and open capitalism recognizes and utilizes the truth that no "state" or "society" or "government" ever invented a tool or a machine, wrote a poem or book, composed a song or a symphony, played a violin or a piano, painted a picture or carved a work of sculpture, preached a sermon or delivered a speech, drafted a law or drew a contract, devised a set of financial records or balanced an account, attended the sick or cured the diseased. In a regime of competitive and open capitalism we know that all such achievements and services and a thousand more of kindred significance are done and performed by individual persons, each a self-aware, self-disciplined spirit that can best serve society through the guidance of his own inspiration, ideals, intuition,

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intelligence, self-knowledge, judgment, will, and ambition. Cooperation and teamwork, yes. But a man does his best teamwork when he acts voluntarily and with his own understanding and approval of the project and methods of the team. In short, open and competitive capitalism is keyed to nature and to facts, and as Goethe said, "there is no trifling with nature. . . . It defies incompetency, but reveals its secrets to the competent, the truthful, and the pure."

A FIFTH fraud of communism is its promise to produce a classless society. It is extremely doubtful that anyone at the core of a communist movement or government believes in this promise or intends that it be fulfilled. But it makes a seductive delusion for the hate, envy, jealousy, and vandalism that are the dominant emotions of the communist following.

No reason, of course, can be given why we should have a classless society. We would find it difficult to imagine anything more insipid or discouraging or more deteriorating to the human species. We might as well advocate a classless school wherein all of us would remain in the kindergarten. Or, from cognate folly, we might propose classless trees, vegetation and animals, or assembly-line humans with no change in models.

Nature herself, abhorring monotony and sameness, is the great classifier. Although she has created by a process of evolution, two amazing facts about her creation are its infinite variety and its numerous sharp definitions. She has made human beings as different as they can be and still have enough in common to be identifiable as members of the species.

A CLASSLESS SOCIETY is an impossibility. But in a wise, cultured, and kindly civilization, every class into which people naturally group themselves by their common interests and skills, their kindred education, comparable means, intelligence, culture, or success will have two doors, one for entrance and one for exit, neither of which will be controlled by heredity or autocracy. Thus the existence of every class tells us all that we, too, might belong to it if we wish and try, if we fittingly equip ourselves, or if the "breaks" come our way as they may. And thus it is that under the relatively competitive and open capitalism of the United States no caste exists, and no class exists except the natural, fluid groupings of people; and none exists with a closed door, despite any attempts to that end.

COMPARE THIS with the rigid, despotically controlled class system

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of Russia.* Her people are divided broadly into four classes, and no one moves from one to the other except by the will of the masters. At the bottom are the abject slaves. Next above them is a class composed of the greater part of the population and who fittingly might be called the ordinary or the beguiled slaves. Not all of them are beguiled, to be sure; but the intention of the rulers is that they shall be. Give the rulers a few more generations in which to pursue their program of mal-education, and their intention could be realized. Members of this class are allowed bits of freedom in areas involving no risk to the ruling caste and no loss of thought control. The next higher class may be called appropriately the preferred slaves. They are selected persons whose knowledge, talents, skills, or unquestioning loyalties are deemed necessary or of special value to the oligarchy. This class includes scientists, engineers, entertainers, artists of various kinds, athletes in state training to display the Russian prowess, teachers, minor government agents, and others of exceptional usefulness. Within this class itself exists a rigid hierarchy, and referring to it as one class is justified only by relativity and comparison. Members of this caste are allowed a good deal of freedom, paid much better than the beguiled slaves, and given other privileges. An indoctrinated member of the class might believe that he was not a slave, but he would be abruptly disillusioned if he expressed a nonconforming idea. The top, most favored, and most highly paid class in the sharply-defined communist hierarchy is composed, of course, of the rulers, their courtiers, and entourage.

It is true that when taking over a country and appropriating to themselves all the property of all the people, the communist conspirators liquidate the previously existing *bourgeoise,* always anathematized in communist ideology and propaganda. The captors do destroy the previously existing "classes." But forthwith the old classes are replaced by new ones, more arbitrary, more autocratic, more ignorant, selfish, exclusive, and cruel than the classes replaced.

A SIXTH fraud of communism is its promise to establish a dictatorship of the proletariat. This promise is alluring bait for simpletons; it never is fulfilled, nor could it be; but it helps the conspirators, in gaining control of a country's capital assets, to use mob psychology and the elemental ignorance, hysteria, and cruelty of the mob.

*Of interest: Korowicz, Marek S. "I Escaped To Speak for the Enslaved" in *Life* 36: 102-8+. March 1, 1954; 36: 128-30+. March 8, 1954.

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No rationale ever has been or will be formulated for a dictatorship of the proletariat. It would be equally absurd to advocate a dictatorship of seamen over the navy, of privates over the army, of freshmen over the university, or of janitors and elevator operators over the department store. The term itself, "dictatorship of the proletariat," is a self-contradiction. When there is more than one dictator, either the dictators must agree or one or more dictators disappear. In his book, *What Happens to Communists?*, Michael Padev points out that since 1917, the following Russian Soviet high officials have been shot as spies or traitors:

"Nine of 11 Cabinet ministers holding office in 1936.

"Five out of seven presidents of the last Central Executive Committee.

"Forty-three of the 53 secretaries of the Communist Party Central Organization.

"Fifteen of 27 top Communists who drafted the 1936 constitution.

"Seventy out of the 80 members of the Soviet War Council.

"Three of every five marshals of the Soviet Army.

"All members of Lenin's first post-revolution Politburo, his inner cabinet of 1917 — except Joseph Stalin."

Under communist ideology all citizens of a country, after the necessary liquidation of nonconformists has been accomplished, belong to the proletariat. If they were to be dictators over themselves, how would they learn what dictates they might agree on except by a full, free, and secret ballot? And if they disagreed, how would they reconcile their disagreements except by the principle of majority rule? If they really pursued these methods, they would have a democracy, not a dictatorship. But such methods, of course, are not pursued.

COMMUNISTS and those who would prepare the way for them in this country have been badgering the word "profits" for decades until today, if the word bears a connotation of evil to naïve minds, including some among the clergy, college students, and faculty, we ought to be sympathetic and to venture not criticism but earnest enlightenment. In their efforts to inoculate this sinister connotation, communist conspirators have practiced a seventh fraud upon the human mind.

If you invest all your savings and borrowed capital, too, in a business venture, work 16 hours a day to launch your project and carry it over the rugged pioneering hill, shoulder with your family all the burden and nervous strain of your risk and its uncertainty, finally reach a year when your income is

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greater than your expense, grow so you can provide employment for others and pay them good wages, you will have become, in communist ideology, an exploiter of your fellow men, your employees; and they will be "wage slaves." This will be so because your business will have made profits — your compensation for your risk, worry, ability, imagination, labor, creation of jobs for others, and all your service to society.

People whose compensation is called "profits" are people, too. Throughout history, in commerce and morality, it generally has been recognized that if X makes his funds available to Y so that Y can use them as if they were his own, X is entitled to a fair compensation for the use of his property and to its return at an agreed time. The validity of this universal principle is never questioned except upon total negation of the concept of private property.

Insofar as a share of profits is paid to a person not active in a business, it is only the traditional compensation for the use of his funds. Profits gained by the active owner of a business are his compensation for both the use of his funds and his services. The only essential difference between those profits and the wages of his employees is that the latter involve no risk of capital and are much more certain. If the profits prove to be the greater, that fact is an incident of the greater hazards and responsibility and all that they have involved.

In the United States thousands of persons receive "wages" which are envied by thousands of business owners who receive only their profits when any are made. If one man's profits seem too high, so do another man's wages. These are relative matters, and under competitive and open capitalism — if it is really kept competitive and open at all levels — a tendency toward reasonable balance and relationship always is at work.

To economists, the term "profits" has a restricted meaning which I intend to respect. But we should recognize the identity of nature in the profits of a business and the margin of accumulation, reflected in possessions, which any person gains from his wages, salary, commissions, royalties, or other compensation over the cost of the consumable goods and services purchased by him. The significance in each case is merely that the receipts have been greater than the running necessary expenses.

Broadly speaking, civilizations have built the tangible structures of their cultures in either of two ways: (1) out of the compulsions of government and despots, and the slavery of peoples; or (2) out of

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the profits of the self-directed activity of persons, taxed or voluntarily given. We of America would be tragically unappreciative and dangerously purblind were we not to recognize that all the tangible assets of our civilization, all its institutions of education, culture, entertainment and inspiration have been created from the profits and kindred margins of accumulation of many persons acting in freedom.

In 1953 the meat packing industry of our country gained a net income of seven-tenths of one cent on *each dollar of sales*. On each five dollars in sales, it kept for itself three and one-half cents! In the same year, the chain food stores, providing a marvel of service, gained a net income of one and one-tenth cents on each dollar of sales. Not the faintest probability exists that these vital services ever can be performed so well or so cheaply in a society whose economic processes have been taken over by a political-police monopoly.

IN THIS matter of profits, we have the pivotal difference between competitive and open capitalism, on the one hand, and monopolistic capitalism, whether called socialism or communism, on the other. The purpose and method of open and competitive capitalism are to use profits, whether classified as such or as wages, salary, annuities, royalties, rents, dividends, retirement payments or otherwise, to make the greatest possible number of people independent of the state and independent of the charity of others. With human nature as it is, the results will fall short of perfection; but they, nevertheless, will be comparatively successful and remarkable. Having achieved them, competitive and open capitalism then provides the profits, or even capital assets, if necessary, to care for those who have not reached such independence, or who, once *having gained it, have lost it.*

The purpose and method of communism are to deprive everyone of profits and thus make everyone wholly dependent upon the state — or, rather, on the few who rule and who call themselves the state.

Because profits are the lifeblood of any system of free economy, those who would prepare the way in this country for a communistic monopoly never miss a chance to asperse or belittle the genius behind all our profits, the American business builder and executive, or to destroy or reduce his profits. You will find them lending their support to every proposal and project — sometimes as the originating schemers — that either harasses, or promises opportunity for the harassment of, or depreciates that businessman.

The Machiavellian minds behind

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this preparing of the way appreciate more fully than many legislators and political executives the significance of the following facts: In a free economy, people obtain gainful employment through three channels: (1) self-employment, (2) private institutions owned by others, and (3) government. Obviously, the greater the employment in channels 1 and 2, the lighter the burden on government. It would seem to be apparent to most adult minds that a wise government would do everything within its power to encourage employment in channels 1 and 2, and would adopt no measure or policy without first putting it to the test: What will the effect of this be on employment opportunities in private enterprise? Only profits make such employment possible.

Cycles of higher and lower activity and their accompanying psychological cycles are not only inevitable in any sound economy but, within limits, are beneficial. It is during periods of reduced activity that the best thinking, house cleaning, planning, and self-disciplining are done in the economic structure. Such periods are pruning times; roots are strengthened and driven into new soil; and, following every recession and depression, the economic organism of a free society burgeons with renewed vigor and variety. But you will observe that the first and only thing some persons and groups want us to think about when a business cycle enters the downward trend is not how to encourage, support, and strengthen channels 1 and 2, but how to throw the government into large-scale employing business.

THE GOVERNMENT is not a producer of wealth and has no money to pay workers, except only what it collects from the producers. Government is merely the transfer agent; it may create the jobs, but to pay the wages it takes the money from the privately owned economic structure. In so doing, especially if intemperate, it can start a vicious cycle. If the self-employed and the private employer of channels 1 and 2 already are harassed, the taking of their funds to pay for government jobs, the creation of government competition with capital drawn from them, and the imposition of other burdens can reduce both their capacity and their spirit to provide employment. (This possibility is not fanciful. I am only one person; but I have known several instances of business closing down or refusing to expand because of the discouraging policies or practices of, or the atmosphere created or the interferences or obstructions allowed by, government.) As such effects multiply and deteriorate the economy, those

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who know no method of solving any problem except more law, more government, and more taxes, would throw the government further into the business of directly providing employment. In this way, as communists know, totalitarianism can — and to some extent already has — come to America, not by choice of the people, but by our innocence, the self-seeking of candidates for, and holders of, public office, and by our being victims of the craftiness, hypocrisy, and deception of the communist conspirators.

It should be made known to every American citizen who wants to be free that the *sine qua non* of his freedom is profits.

COMMUNISTS have a pretty slogan which, no doubt, is enticing to many idealistic persons: "From each according to his ability, and to each according to his need." By this slogan, they practice an eighth fraud upon the credulous.

It should be clear that only God could fulfill such a promise; for aside from the necessary mechanics of the project, only He could search the minds and spirits of men, know the capacities of their minds and bodies, and thus be able to determine their abilities and needs. Henry David Thoreau proved that man really needs very little in the way of material goods and services. Perhaps that fact is what the communists have in mind. Their results would so indicate. However, Thoreau and all the philosophers and ascetics who have proved the same point have had intangible, spiritual resources which communism not only does not provide but denies. Its materialism and atheism are throwbacks, placing it thousands of years in the rear of the forefront of evolution. Its doctrine that man is a mere creature of his material environment and is molded in the image thereof has been proved false innumerable times. Mere physical environment, from that of poverty to that of luxury, has a sorry record in the matter of establishing dominance over the human spirit. It is when we consider the intangible factors in that environment—religious faith, prayer, intelligence, love, understanding, trust, patience, the art of teaching, integrity, character, and ambition — or the absence of such factors, that environment challenges heredity for supremacy in influencing and molding the human mind and character. And when those spiritual factors in environment are combined with the same factors in heredity, the results can be prodigious.

Manifestly the very tenets of communism prevent it from knowing or providing what each individual needs. But even if we confine the meaning of the slogan to

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physical goods and tangible services, we are confronted by the necessary implication and the fact that the few turgid capitalists who rule the communist state set the measure of everyone's needs. By the ideology of these overlords, the individual has no needs not subordinate to those of their golden calf, the state.

On the other side of the equation, the side that reads "from each according to his ability," the communist tenets and methods again make performance impossible. Society never can receive from each according to his ability when minds and thoughts and bodies are controlled by the force and oppression of dictatorship. As previously pointed out, the individual can find his ability and develop it only in freedom, in the self-choice of interests, opportunities, truthful information and learning, and in the motivations and enthusiasms born of freedom.

Napoleon, in reflection, wrote: "Do you know what amazes me more than anything else? The impotence of *force* to organize anything. There are only two powers in the world — the spirit and the sword. In the long run the sword will always be conquered by the spirit."

Real human beings, men and women not cowed by masters, want more from life than their physical needs. A social, political, and economic scheme that promises no more does not promise much. Above all, they want the gratifications that come from independent, self-directed achievement and from the service of others through that achievement. No gratification comes from being compelled by tyrants to serve. The aspiring musician does not practice eight or more hours a day for years just for his physical needs. Neither for such a bare recompense does the medical student pursue the long grind of preparation for a great and necessary service to society. Open and competitive capitalism, rather than any other scheme of political economy, has provided the most widespread opportunities for, and has created the least interference with, the gaining of the finest satisfactions in human life. Under its freedom and its generous support of religious institutions, even if one wishes to be an ascetic or to seek Nirvana, he may do so.

All enlightened persons, all reasonable persons, wish for the welfare of all peoples. They wish also that human society will be impregnated with the spirit of kindness. They do much to promote those ends. But they know that the weak, if they are to be helped, must be helped by the strong and that to destroy or prevent strength in in-

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dividuals is to promote weakness generally. They know that no human society can be stronger, more resourceful, intelligent, courageous, or better informed than the individuals who compose it.

A NINTH fraud in the red conspirators' design, probably not a self-deception except to a duped contingent, is a propaganda piece that has been assimilated by a number of teachers, professors, clergymen, and young people right here in the U. S. A. It consists of the two clichés that "capitalism has failed" and "capitalism is doomed." We ought to recognize the promotion of these ideas as a master stroke of propaganda-psychology. They are at the heart of every communist message in schoolbook, on campus, to labor union, or elsewhere.

Insofar as these slogans are an unconscious projection of what the red conspirator deeply knows about his own brand of capitalism — in the manner that a dishonest person unconsciously projects his dishonesty upon others — they, no doubt, speak truthfully. The monopolistic capitalism of socialism is a demonstrated failure and may reasonably be regarded as doomed whenever installed. It might be more appropriate to say that under it the normal development of the human mind and spirit is doomed.

If you will try to learn from anyone who appears to have imbibed the ambiguous watchword that capitalism has failed, or who parrots the cliché, just what he means by it, you will have great difficulty. Your attention may be directed to poverty, hunger, disease, illiteracy, mistreatment of employees by employers, mistreatment of tenants by landlords, and other undesirable conditions existing in countries where the private ownership of property has existed. You probably will not be told of the mistreatment of employers by employees or of landlords by tenants. But many other factors also are concomitants of such unfortunate conditions, and nothing is proved as to cause and effect simply by the fact of coexistence. The stark truth that confronts us in all history and everywhere is that *people* have failed — not all people, not the species as such, but *many* — failed to measure up to ideals we now entertain, failed under every system, every kind of government, every kind of regime. Also, let it be noted appreciatingly that numerous persons have succeeded wondrously. Three facts that Utopians seem never able to grasp are: (1) that *people*, not gods, will have to work the social, economic, political, and physical machinery the Utopians intend to construct; (2) that reasonably good sense requires that socie-

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ties, regimes, and governments be judged *comparatively* before we choose one from the others, and not by an absolute, idealistic criterion, against which all will be found wanting; and (3) the folly of destroying the sound, demonstrated values of a regime, merely because people, being people, cannot and will not gain or receive equal benefits under it or under any scheme that the human mind can imagine.

What the red agitator really says when he tells us that capitalism has failed is this: "The private ownership of property has failed; therefore, help a few of us to seize, own, and control all property; we will liquidate the people who have owned it in the past, regardless of the industry and qualities of character by which they came into such ownership; we will manage the property — and manage you — better than they did. Not only let us have the property, but surrender to us your freedom, and your reward will be that we will take care of you from the cradle to the grave." The deal needs only to be stated frankly to reveal its own absurdity and to draw the repugnance of every sane person of moderate or greater intelligence, imbued with a normal sense of justice.

THERE HAVE been persons, a few of them distinguished, who, in sincere and Christian-like concern for humanity, have been socialists of one degree or another. But the current movement for monopoly which is called communism is an offspring not of love and enlightenment, but of hate, envy, lust, vandalism, and ignorance. Its specious dialectics and its motives require the atheism that accompanies it. By its atheism it makes man the supreme being of this corner of the universe, and it fortifies the position of any particular man as sovereign who can so establish himself by cunning and might. Thus it releases men from responsibility to a higher intelligence and from any reason for obedience to natural or moral law. And thus it authorizes dishonesty, theft, cruelty, murder, and aggressive war to serve its ends. After a human mind has been contorted into the malformed framework of these falsehoods, its whole view of life is distorted. A mind cannot be pressed into such a misshapen mold and see facts, feel intangible factors, or think, as normal persons do.

As has been indicated already in this treatise, except for such spiritual understanding as man has gained and the warmth and enlightenment that have radiated from men of spiritual understanding, nothing connected with our mysterious journey on this planet has done so much to help so many people succeed and to express them-

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selves helpfully to society and gratifyingly to themselves, as the private ownership of property and open and competitive capitalism. In productive capacity and in originality, variety, and economy of production, no social, economic, or political regime in all history can stand comparison with the achievements of our own people in our striving for the open and competitive kind of capitalism.

As for the future, everything depends on the wisdom and character of our people. If we are to give a growing population what it wants in material goods and care, then we must expose and avoid the deceptions, incompetency, and waste induced from human nature by a state-care-for-all regime; it may become necessary to abandon our primitive monetary system, now a millstone about our neck, and in spite of which the tremendous drive of our open and competitive capitalism has achieved its unparalleled successes.

Finally I am convinced that unless we zealously dedicate ourselves to the business of saving our regime of competitive and open capitalism, it will disappear from our beloved land in favor of monopolistic state capitalism, with all its paralyzing effects upon the human mind and spirit.

That dedication must transcend all petty politics, party lines, party interests, and all the cheap, ridiculous sophistries hurled in party conflict. I believe that we owe this to ourselves and to our country. Without claiming perfection in our system of capitalism, we know, appreciate, and have received its many values. We know that under it we have not been the controlled hirelings of despots, but free men with immeasurable opportunities. We know that life, vitality, and self-respect are to be found within the ideological and tangible structures of such capitalism; that most of our employment derives from the myriad interests, projects, and problems born of the imagination, daring, and activities of such a regime; that our compensation has been paid from the efforts of millions of capitalists, small and great; and that numerous persons among us have risen from poverty to distinguished positions of executive responsibility in the commercial world. We know that the control or freedom of men's minds rests on the outcome of the struggle between two kinds of capitalism: the worst kind, total monopoly in the hands of gangsters who call their system "communism"; and the best kind, open and competitive capitalism which is our goal in the United States of America.

The full article from which this was slightly condensed, is available in attractive booklet form for a 25 cent handling and postage charge; discount for quantity purchases.

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Letters

UNQUESTIONABLY, one of the most effective forms of communication is a thoughtful letter written to a person in answer to his own question.

The staff members of the Foundation for Economic Education write thousands of such letters each year. Some of these are, in effect, short articles on "general interest" subjects not fully covered in previous FEE publications.

A selection of these letters — slightly edited to eliminate extraneous references — will be published in this section from time to time.

Effects Of Taxation

Dear Mr. J:

The effect of various types of taxes on the economy certainly poses an important question, one that needs careful study.

We do not have impressive statistics, tables, or charts to demonstrate the way in which taxes affect the economy. As a matter of fact, we have sincere doubts as to just how much they would prove, even if we spent months and years of careful study in compiling them; for the effect of taxes on the economic system is so far-reaching that it is impossible to trace. There is no way to know just how or where taxes will fall and who will ultimately pay their cost. A comparison could be made between a tax levied at a specific point in the economy and a drop of water thrown into the ocean. At the moment of impact, one knows where the tax is, just as one knows where the drop of water is. But time and the market distribute the effect of the tax throughout the economy, just as the molecules of the drop of water scatter to all parts of the Seven Seas.

NO TAX (not even a proportional income tax) can be "neutral," for it will always affect prices to some extent and so influence the decisions of buyers and sellers. The consumer's decision to purchase, or not to purchase, has an effect on the producers of the specific commodity concerned and also on the producers of the raw materials and

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machines needed for its production. Like the drop of water, the effect of any tax is distributed ultimately throughout the entire trade area.

Every tax is a tax on production, for it raises the price consumers must pay if they want to buy the product; and it reduces the amount of savings and investment possible and, therefore, future production. No tax that singles out certain persons, organizations, or commodities for taxing at a different rate from that levied against others can help but alter production, by raising immediately the cost of the commodities taxed at the higher rate and interfering ultimately with the whole market structure. The increased costs of certain commodities influence entrepreneurs (the market's risk-takers) to produce other items where the tax is lower and, so, less of an obstacle in their sale to consumers. The decisions of the entrepreneurs are altered, step by step, as the effect of the tax makes its way throughout the whole economy. In the end, entrepreneurs are hindered from producing the type or quantity of goods which would have satisfied the most urgent wishes of the consumers. The path production would have followed in an uninhibited market is blocked, and the result is a lower level of wealth production.

It is obvious that a sales tax on a specific commodity adds to its cost to the consumer. It is not quite so obvious that a tax on incomes is also a tax on production. But in a society where taxes are imposed on incomes, a person taking a job keeps in mind the net salary he will receive after taxes. His employer, though, must consider the worker's gross salary when calculating his costs. If his costs are so high that he fears consumers will not be willing to pay enough for the commodities or services he can provide, he cuts production. The result is less of the things people want most to buy, i.e., less wealth.

Although every tax is a tax on production, there are certainly some taxes which are more destructive of production and wealth than others. If we believe that the best kind of a society to live in is one in which production is not discouraged, we cannot approve of taxes which become progressively heavy as a producer increases his contribution to society. If the tax imposed on the most capable and productive individuals is at a higher rate than that levied against those who produce less, it will tend to destroy the incentive of the very persons who can contribute most to the world's wealth. A proportional income tax would certainly tend to reduce the amount of this discrimination against successful producers. But this does not mean that it would eliminate distortion

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of the market structure. A tax of any sort levied on incomes would tend to increase the cost of production of those commodities involving a large amount of labor to produce more than those requiring comparatively little labor. Even a straight-across-the-board sales tax on the retail price of an article would not be "neutral," for it would tend to raise the price to the consumer of some commodities more than others. For instance, those with high distribution costs would be increased out of proportion to those easier to transport and sell.

WHAT I HAVE been trying to say, in answer to your question, is that all sectors of the economy are so interlocked that the cost of any tax is shifted by the market until, in the last analysis, it is paid for in reduced production. Although we can know in a general sort of way the immediate effect a new tax will have on the economy, it is impossible to trace its ultimate repercussions. BETTINA BIEN

Bettina Bien is a member of the staff of the Foundation for Economic Education.

What Is A Teacher Worth?

Dear Professor W:

"Is the teaching profession generally, whether in school or college or university, worth no more in dollars and cents to the community at large than it is now paid?"

That your question was stimulated by the "Bargaining" pamphlet is understandable. I was trying, in that study, to show how the process of competitive bargaining between a buyer and a seller leads toward exchange which is mutually satisfying. No attempt was made to appraise the worth of any service to the community at large. However, it seems most proper to ask if the theories offered in the pamphlet are applicable to the relationship between education and the general welfare. How does one apply the concepts of competitive bargaining to education which is so commonly presumed to be a matter of public responsibility?

AS A NOVICE presuming to appraise the worth of your profession to the community at large, I seek your help and tolerance. First, I will try to explain what I mean by "competitive bargaining," or the market method of price determination, since that is the method I would use to measure the value of a teacher's services.

From 1941 to 1945 I was an economist in the Agricultural Chemicals Section of the Office of Price Administration. Among my duties was the task of determining what the newly developed insecticide, DDT, was worth in dollars and cents to the community at large. Price control presumes many

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things; but as I now see it, the most important presumption is that the market or subjective theory of value is unworkable — that there is a better method of determining price than through bargaining between willing buyers and willing sellers. Congress had, in effect, outlawed the market method of price determination. In the case of DDT pricing, we tried to substitute a "cost-plus" formula which is a variation of the labor theory of value. According to that theory, the value of a product depends upon how much time and effort the producer puts into it. What could be more reasonable — from a price fixer's point of view?

At the time, I didn't see anything wrong with that pricing formula. Of course, there wasn't enough DDT to begin to satisfy the demand at the official maximum price. But I then believed that it was the responsibility of the War Production Board, or some other agency, to allocate the available supply.

I have since learned that there is no substitute for the market method of finding the proper price for anything. The market price serves as an adjustor to bring supply and demand toward a balance, encouraging production or encouraging consumption, whichever is necessary. Occasionally, quite by accident, some other pricing formula such as the "cost-plus" device may result in a price which is the same as the free market price might have been, in which case there would be neither burdensome surplus nor shortage of the goods or services so priced. But what is the sense of a system which cannot work except by accident?

I hope the foregoing illustration, drawn from my own experience at price control, helps to bring out the vital distinction between the market theory and the labor theory of value. If so, let us examine your question in terms of the market method of price determination: "Is the teaching profession generally . . . worth no more in dollars and cents to the community at large than it is now paid?"

When you speak of "the teaching profession generally," I presume that you include teachers in private schools as well as those in government schools. It might be said that the teachers of either category are offering an educational service to the community at large. I believe we might agree as to how simply the market method of price determination works in evaluating the private educational services. But can the value of government education be similarly measured?

THE REAL question we are examining seems to be the rather old one of whether or not we ought to have compulsory government edu-

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cation in America. Should American citizens, for the good of the community at large, be taxed to buy more education than they might buy voluntarily? As you well know, an overwhelming majority of Americans — one might say the community at large — would answer "yes." Rarely does one find a parent, whatever the level of the family income, who would willfully neglect the education of his own child. But perhaps even rarer is the individual who can conceive the possibility of getting along in America without "free" government schooling for the children of "some parents." As far as the community at large is concerned, the subject seems to be closed; government schooling is deemed an indispensable and unquestionable fact.

If a person cannot harbor a reasonable doubt as to the desirability of government education, then he is bound to answer "yes" to your question, insofar as it relates to the teachers in government schools. He must believe that such teaching profession is worth more than it is now paid. Otherwise, how could he urge the compulsion of taxation for educational purposes, thus giving government education priority over everything that he as an individual possibly could or would do voluntarily? Surely, no such high rating would be given to a service deemed to be worth less or worth no more than it costs. I question that any one of us would want the government to perform a service which he thought he could provide more efficiently on his own account or with strictly voluntary cooperation from others.

Only a person who questions the advisability of government control of education could seriously pose your question. Unless one believes in price determination through competitive bargaining between willing buyers and willing sellers, there is no possible way for him to test whether a service is worth more than is currently paid for it. At least it does not satisfy me to take the price fixer's word for it, for I know how wrong the very best of price controllers can be.

Let me hasten to cover our position from snipers who might charge that anyone who questions the desirability of government education therefore must be opposed to education. I agree with you that education is highly important. If you thought it less important than other goods and services, I doubt that you would remain in your present work, nor would I. It undoubtedly is true that you could obtain higher monetary compensation at some other job, but I presume there are other considerations and satisfactions which urge you not to move. I do not know your reasons, and perhaps you could not clearly

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express them yourself, but that surely does not deny their reality.

DOES THE FACT that you and I think education is more important than other kinds of productive effort necessarily mean that the best way to increase the supply of education is to force others to buy more of it than they might do voluntarily? You will recognize that I do not believe so. I have a great deal of faith that the market method of price determination will bring forth the optimum supply of any commodity or service. No matter how it is determined, any price other than the free market price is bound to result either in an unmarketable surplus of the item or in an unsatisfied demand for it. I do not choose to thus trifle with the performance of the important service of education. Let it be at the optimum.

Food is important, too — so important that I believe we do ourselves a great injustice by subsidizing food producers and thus hopelessly hitching the future supplies of food to the whims of a food administrator in Washington. Only by accident will it be possible for him to bring the supply of food toward a balance with the amount of food people are willing to buy; for he is trying to fix the price, thus precluding the possibility of a market price with flexibility enough to do its job from day to day. With food, as with education, I would trust the free market to provide the optimum of whatever is most wanted by the individual constituents of the community at large.

Electric power is important to the people of the Tennessee Valley. But when we subsidize its production as we are now doing, we are saying in effect that this is more important than anything which people would buy voluntarily — more important even than uncoerced expenditure for education. Again, I think this is a mistake; and I even question whether the people of TVA country are better off by reason of this governmental intervention presumed to be in their interest. At least I don't want my life and livelihood depending upon the continuance of a governmental appropriation. I want more security than the foibles and fancies of political power-seekers can offer. Also, I want more real education than the compulsory method can yield.

THEN WHAT is the answer to your question: "Is the teaching profession generally worth no more in dollars and cents to the community at large than it is now paid?" I cannot answer for the community at large. But I feel that at least someone in the community must be

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paying more for the tax-supported part of education than he thinks that kind of education is worth. To be sure, he is a minority, perhaps a minority of one within the entire community. But unless he exists, what possible reason could there be for the compulsory aspect, the taxation method of education?

I SUSPECT that many excellent teachers within the government school system are now being paid far less than their services could command if the market were allowed to function. But they too are a part of the minority, victims of a system acceptable to the community at large. The "community at large" idea is not compatible with the market theory of value which rests upon respect for the individual's own judgment as to what is most useful to him.

There probably is a relation between the size of the school system and the consideration which is given to teachers of outstanding ability. Though it need not be the case, I believe there is the tendency for regimentation and classification to increase with the size of the organization — a tendency to advance teachers according to seniority rights or some other rule-of-thumb formula, which cannot give adequate consideration to individual merit and still remain *the* formula. I do not mean to imply that private school systems are free of this tendency toward regimentation as size increases. But in private schools, at least, such a tendency is not encouraged at public expense.

THERE ARE teachers in government schools as well as in private schools for whose services neither of us would voluntarily offer one red cent. If the teacher is in a private school, our nonsupport there is a means of helping to steer him toward a more useful occupation which we could conscientiously support. No one is obligated to patronize a private school if he does not approve the quality of the teaching service offered. But once a teacher, good or bad, is firmly entrenched in the government school system, the choice of supporting him is no longer ours. We soon find ourselves hiring the bad with the good teachers, precluded by the system itself from offering the outstanding teacher his worth.

YES, good teaching would be worth far more to me than I am now forced to pay for the mediocrity which is inherent under much of the present arrangement. And I find that my friends share this view if they understand it. We do not fear a competitive educational system, teacher competing with teacher to serve those who truly

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seek education. Until there be further education to the foregoing point of view, however, we shall keep on paying the present hamstrung teaching profession more than some of us may think its regimented and regimenting services are worth. And that arrangement, sir, is no bargain for the community at large.

I shall be the most surprised person of the day if this discourse has fully answered your question, but deeply disappointed if I have not stirred you to further discussion leading to a way out of the educational bog into which we seem to have collectively stumbled.

PAUL L. POIROT

Dr. Poirot is a member of the staff of the Foundation for Economic Education.

The Law And Education

You say: "There are persons who lack education," and you turn to the law. But the law is not, in itself, a torch of learning which shines its light abroad. The law extends over a society where some persons have knowledge and others do not; where some citizens need to learn, and others can teach. In this matter of education, the law has only two alternatives: It can permit this transaction of teaching-and-learning to operate freely and without the use of force, or it can force human wills in this matter by taking from some of them enough to pay the teachers who are appointed by government to instruct others, without charge. But in this second case, the law commits legal plunder by violating liberty and property. . . .

You say: "Here are persons who are lacking in morality or religion," and you turn to the law. But law is force. And need I point out what a violent and futile effort it is to use force in the matters of morality and religion?

It would seem that socialists, however self-complacent, could not avoid seeing this monstrous legal plunder that results from such systems and such efforts. But what do the socialists do? They cleverly disguise this legal plunder from others — and even from themselves — under the seductive names of fraternity, unity, organization, and association. Because we ask so little from the law — only justice — the socialists thereby assume that we reject fraternity, unity, organization, and association. The socialists brand us with the name individualist.

FREDERIC BASTIAT, "The Law," 1850

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